

OCTOBER

· · · 1926

# NATION'S BUSINESS



The Bank's Part in the Farmer's  
Trouble

Go South, Young Man!

The Silent Revolution in  
Railroading

Abolish "Common" Labor

*Map of Nation's Business, Page 46  
Complete Table of Contents, Page 5*

Published at Washington by the Chamber of Commerce of the United States

MORE THAN 225,000 CIRCULATION



# Such Confidence Must be Deserved!

THE Oakland Division of General Motors Corporation is building a mammoth plant at Pontiac, to meet the demand for Pontiac Motor Cars, and has selected The Austin Company to design and build the initial units, to cost over six million dollars. . . . Austin is serving big business everywhere, with unheard-of speed and well-planned economy.

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Austin guarantees total cost, delivery date with bonus and penalty clause if preferred, and quality of materials and workmanship.

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Individual \_\_\_\_\_

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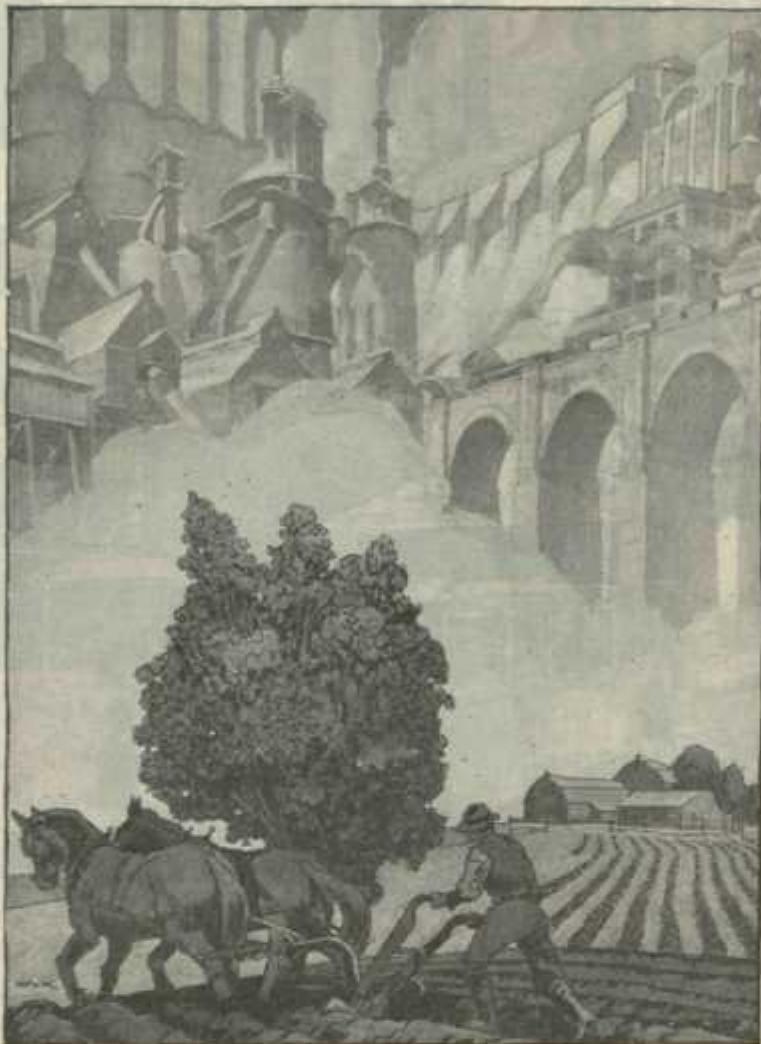
You can call on us for preliminary estimates and suggestions, for reports and recommendations, or for a definite bid on your building. It involves no obligation.

**TRUSCON STEEL COMPANY, YOUNGSTOWN, OHIO**  
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*Foreign Trade Division, New York*      The Truscon Laboratories, Detroit  
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**TRUSCON**  
PERMANENT  
**BUILDINGS**

**CONSULT TRUSCON BEFORE BUILDING**  
**IT COSTS YOU NOTHING**



*The Development Service of  
Southern Railway System,  
Washington, D. C., will  
gladly aid in securing in-  
dustrial locations, farms and  
home sites in the South.*

## Not Magic—just mind and muscle

THE SOUTH—the nation's winter playground—is setting new high marks in the story of American achievement. For, notable as are the South's friendly climate and genial hospitality, it is on her farms and in her workshops of industry that these marks are being made.

In the last twenty-five years the value of things made in the South has increased fivefold; and the value of things grown fourfold.

Such growth and progress suggest the magic wand, but it is the magic of mind and muscle—of hard work intelligently applied. The people of the South are making good use of the rich and varied resources that nature has bestowed upon them.

But the industrial and agricultural progress of the South is still in the first act. The years of the greatest opportunity and achievement lie ahead.

The Southern Railway System, with its 8,000 miles of lines, serves the South from the northern gateways at Washington, Cincinnati and Louisville—from the western gateways at St. Louis and Memphis—to the ocean ports of Norfolk, Charleston, Savannah, Brunswick and Jacksonville, and the Gulf ports of Mobile and New Orleans.

**SOUTHERN**  
RAILWAY SYSTEM



THE SOUTHERN SERVES THE SOUTH

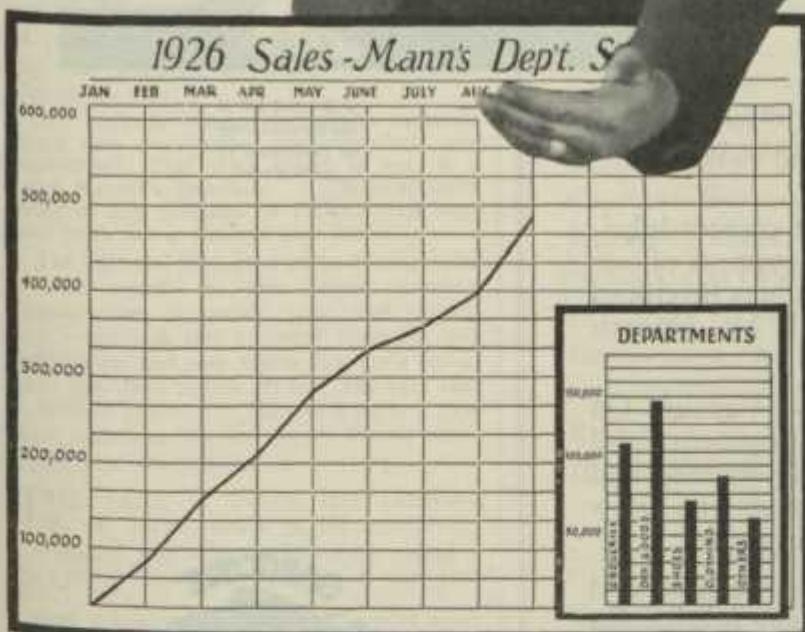
*When writing to THE SOUTHERN RAILWAY SYSTEM please mention Nation's Business*

# "—and our business will be even better this fall"



Don't Miss His Talk—

**M**rs. FRED P. MANN is receiving many invitations to address Commercial Clubs, etc. If he talks in your town be sure to hear him. He has a message that will surely help you increase your sales.



909 W. Van Buren St.

Chicago, U. S. A.

## Try It FREE—Then Decide→ **Addressograph**

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PRINTS FROM TYPE

Prints Thru A Ribbon Like Your Typewriter

When writing to ADDRESSOGRAPH CO. please mention NATION'S BUSINESS

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"**T**HIS year our Ribbon Print Addressograph has helped us 'put over' one of the finest summer sales records in our 30 years' history. We attribute our splendid summer business—and the greatly increased business we expect this Fall—to the constant stream of Addressograph-ed advertising we are always mailing to the logical customers of our store. We have an Addressograph mailing list of 5,000 names that is always up-to-date. We believe every merchant could sell more if he used an Addressograph in the way we do."

Fred P. Mann, Sr.,  
Mann's Dep't Store, Devil's Lake, No. Dak.

Gets Best Results for Manufacturer—

"**O**F all our advertising efforts, Addressograph-ed Direct Mail brings most definite results. A recent letter to Athletic Clubs brought 17 sample orders and 8 for complete swimming equipment. No costly force is necessary. With Addressograph, one clerk handles all Direct Mail matter."

Olympia Knitting Mills, Olympia, Wash.

FREE Trial Costs You Nothing—

Mail Coupon While

It's Before You—



MAIL  
with your  
Letterhead  
To

Addressograph Co.,  
909 W. Van Buren St.,  
Chicago, Ill.

Send Mann's Booklet:  
"How I Get Buyers Into  
My Store."

Send Latest 3-Colored Catalog and  
Price List.

Send Express Prepaid FREE Trial Hand  
Machine. Will Return Freight COLLECT  
unless we buy.

321-10-42

# Down go operating costs

## *A significant statement for plant executives*

FROM the executive offices of a large food manufacturer operating 40 plants throughout the country, comes this letter:

"... As a result of using Vacuum Oil Company's oils and service, our cost of lubrication has been reduced 50 to 75 per cent. Your engineers who supervise are entitled to a great deal of credit for the intelligent manner in which they have handled the lubricating of factory machines. All this emphasizes to us here the wisdom of purchasing oils which, while not the cheapest on the market, yet produce results which make them the most economical. . . ."

WE PRINT this because it shows a modern plant executive's idea of lubrication as a means to operating economies.

Those who grasp the real significance of correct lubrication, don't waste time figuring on the cheapness of one oil against another. They figure on the savings produced by smooth-running machinery attended by smooth production-flow.

Correct lubrication, as prescribed by the Vacuum Oil Company, is based upon each plant's equipment, and the specific requirements of its individual engines and machines. This calls for critical study by men who know machinery and the uses to which it is to be put.

These men are at your service, for, though we make and sell oils, our real work in industry is to get lubrication results.

We will gladly assist you in determining the proper lubricating practice for your plant, which followed through, will bring lubrication efficiency. Send for us.



**FRICITION**  
the unseen enemy  
of production in  
your plant.



**Lubricating Oils**  
for Plant Lubrication

# Vacuum Oil Company

Headquarters: 61 BROADWAY, NEW YORK

Branches and distributing warehouses throughout the country

When writing to VACUUM OIL COMPANY please mention *Nation's Business*.



THE Honorable A. T. Vogelsang, of San Francisco, known to many of our readers as a valued NATION'S BUSINESS contributor, sends the editor a copy of a holiday announcement of the printing company of John Henry Nash, San Francisco, which reads:

Everybody in the shop wanted to go fishing, and they all wanted to go at the same time, so I've decided to shut up shop till they all get back. The place will be closed from the tenth of July to the twenty-sixth. This is not the usual way of arranging vacations, but what else can you do when folks you work with through the year develop decided notions about the proper time to go fishing? If it seems unbusinesslike to shut up shop for two weeks, I can only say that business is not everything. But having a certain amount of native caution, I do hope that Herbert Fleischhacker will not hold this thing against me if I ever ask him for a big loan.

Mr. Vogelsang comments: "This is worthy of imitation generally. Don't you think so?"

While we cannot give it official editorial endorsement, the fact is that the editor has just returned from a most successful fly-casting expedition in Montana and he does feel that it ought to be put thus unofficially before the business leaders of America.

THE EDITOR of the esteemed Bridgeport (Conn.) *Star* takes pen in hand to pay his respects editorially to NATION'S BUSINESS, thus:

Can anybody imagine a business magazine edited with imagination, sympathy, logic, and inspiration? This editor knows of one; it is called NATION'S BUSINESS. . . . It is as interesting as any magazine of fiction; often contains truth that is stranger than fiction.

The editorial then goes on to discuss some of the articles in the August number. "Imagination, sympathy, logic, and inspiration"—that's a fine editorial ideal for any publication and one which NATION'S BUSINESS has tried to live up to. The fact that a brother editor has discerned such a program makes us feel that we are hitting somewhere near the target.

THE SAGE of Potato Hill (Kansas), E. W. Howe, writes in his monthly:

I predict that soon there will be written a book called "In Defense of Men," or some such title.

Such a book has been needed a good many years. When it appears, if fairly and intelligently written, even women will read it with profit.

All our laws concerning the relations of the sexes were written with the gallantry of a young man about to marry the Dearest Girl in the World.

And this gallant young fellow, twenty years later, has no representation in the statutes.

Last fall a rich man divided his fortune with his wife and they were divorced. This spring he divided the remnant with a bride. The two women now have more than he has.

The man originally had four million dollars; his first wife got two million; his second wife, a million. If he keeps on marrying in a little while he won't have a cent.

He is the owner of a considerable factory.

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## NATION'S BUSINESS

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers to which expression is given.

## Your Business Home at a World Known Address

Towering thirty-five stories high at the Cross-Roads of the World, the new Paramount Building provides the perfect setting for organizations who require branch or executive offices in New York City. Times Square is the hub of the city and the axis of transportation, located midway between the fixed points of the Grand Central and Pennsylvania Terminals. The structure is the last word in modern office building construction reflecting the ideals and standards of its builders, the Famous Players-Lasky Corporation.

There is still some very desirable space available for concerns of unquestioned standing. They will be associated with the highest type of business neighbor in this most impressive building, at an address known all over the world.

**NOTE:** Floors still open to suitable tenants run from 11,625 net square feet down to 1,334 feet. (Sixth to Twelfth Floors will be occupied by Famous Players-Lasky Corporation, Producers of Paramount Pictures, owners and operators of the building.) Booklet with Floor Plans and complete information on request. Inquiries should be addressed to the Renting Agent, Arthur C. Brady, Room 710-B, Times Building, Times Square, New York. Ready for occupancy about March 1st, 1927. Leases may date from May 1st, 1927.



**The Paramount Building**  
at the  
**Cross-Roads of the World**  
Times Square  
43rd to 44th Streets  
THE HOME OF FAMOUS PLAYERS-LASKY CORPORATION

and already he is laying off men; he hasn't sufficient capital to swing it to the best advantage.

Three generations of men founded this fortune in the course of seventy years of hard work.

Two women walked off with three-quarters of it in six months, with a few tears, smiles, ribbons, perfumes and pomades.

Somewhere cheating has been going on.

Commercial clubs should take notice. Our strongest and best institutions are being wrecked to make a holiday for frivolous women.

I call attention of Merle Thorpe, editor of NATION'S BUSINESS, to this increasing menace to business.

This seems to call for comment, but to add to what Brother Howe has said would be to paint the lily.

The only fear we have in presenting this tremendous problem to our readers is that someone will doubtless suggest "there ought to be a law—."

**A** FRIEND writes that the Soviet Government has on exhibition in Moscow what it calls the Rogues' Gallery of Capitalism. The alleged crimes of capitalism are set forth in documents, cartoons, and the most conspicuous exhibit is the Constitution of the United States which carries the label, "The greatest tool of capitalism."

Added is the declaration that, "When the Constitution has been suppressed, Communism will be established throughout the world."

Citizens of the United States should feel complimented when they learn that their Constitution is in a Rogues' Gallery—in Russia.

"**T**HE AUTOMOBILE industry must be coped with," declares the president of the Memorial Craftsmen of New Jersey. The inference is that our flamboyant youthful generation—and in that category of flaming youth may be included all from 16 to 60—exhausts its visible supply of cash on the monthly instalments on the flivver and has nothing left to buy a monument to be erected under the weeping willows of the hillside cemetery.

But, *Automotive Industry* remarks that while the tomb-stone folk may have their troubles, at least "they aren't troubled with the 'used' tomb-stone problem."

**E**VEN before the ink was dry on the September number of NATION'S BUSINESS carrying Governor Henry Allen's article on the Farm Problem, Senator Brookhart, of Iowa, used it as a text to take Governor Allen over the jumps for suggesting that he trouble with the midwest farmer might be land speculation.

Speaking to a Kansas farmer audience, the Iowa statesman charged the genial Wichita editor-statesman with high treason to his farmer neighbors and friends.

No one has yet discovered Allen taking punishment lying down and his answer received widespread publicity.

Among other things Governor Allen reported:

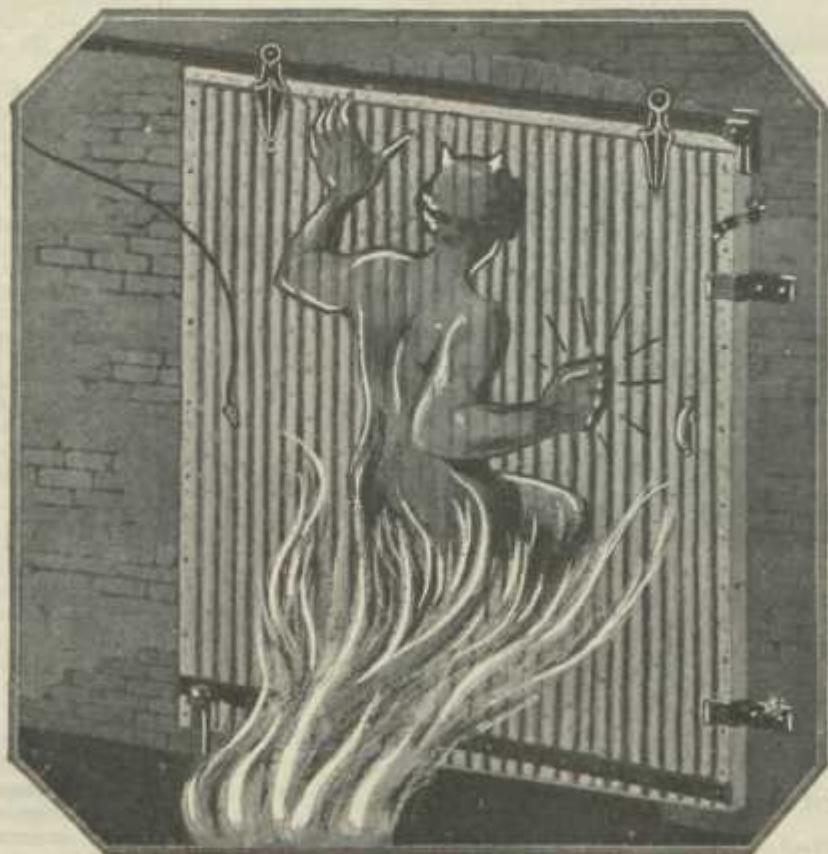
Senator Brookhart has accused everybody from the President down, of being a traitor to agriculture who did not happen to support the Haugen bill. I note that Senator Brookhart tells us there has been no land speculation in Iowa. If either the senator or the inhabitants of Iowa can get any comfort out of that statement, then far be it from me to question its accuracy. Brookhart has done much bold talking. If by this remarkable declaration he can comfort Iowa, he is engaged in a good work.

We were all glad to have Senator Brookhart come to Kansas, though we realized that when he

*International Fire Prevention Week, Oct. 3-9, 1926*



*Cross section of  
R-W corrugated  
FyeR-Wall Doors  
—cost less than  
tin clad doors—  
guaranteed for  
25 years.*



*R-W Fusible  
Links are made  
to fuse at any de-  
gree of tempera-  
ture. Keep a  
supply on hand  
for emergencies.*

## *The Fire Demon Balked*

Countless fires have been checked, confined to point of origin by R-W Automatic Fire Doors and Fire Door Hardware. These doors are absolutely fire-proof. The action of heat automatically closes them. Priceless records that could not be replaced have been safeguarded—costly stocks and great buildings saved. Made with painstaking care, R-W Automatic Fire Door Equipment bears the label of the Underwriters Laboratories. Property protected by it enjoys substantial reductions in fire-insurance premiums. Send for Catalog.

**Richards-Wilcox Mfg. Co.**  
*A Hanger for any Door that Slides.*

AURORA, ILLINOIS, U.S.A.

New York Boston Philadelphia Cleveland Cincinnati Indianapolis St. Louis New Orleans  
Chicago Minneapolis Kansas City Los Angeles San Francisco Omaha Seattle Detroit  
Montreal RICHARDS-WILCOX CANADIAN CO., LTD., LONDON, ONT. Winnipeg

(720)

Largest and most complete line of door hardware made



## A Finger on the Pulse of Trade

THROUGH its own representatives and correspondent banks all over the world, Irving Bank and Trust Company keeps a finger on the pulse of trade.

Knowledge of new developments and requirements of trade; information on conditions in both foreign and domestic markets—these are part of the service that Irving Bank and Trust Company offers to its customers. In dealing with even the most distant points, it facilitates all kinds of banking transactions and guards against loss and delay.

Whatever your needs—the transfer of funds, the financing of imports or exports, the collection of notes and drafts, the purchase and sale of foreign exchange—these and all other banking requirements of trade will be promptly and competently handled by Irving Bank and Trust Company.

### OUT-OF-TOWN OFFICE

### IRVING BANK AND TRUST COMPANY

Woolworth Building, New York

got there nothing but strong language would give him comfort. Kansas had its day of populism when Brookhart was a schoolboy, and developed artistic personalities such as Jerry Simpson and Senator Peffer, real wailers, whose sandals the Iowa statesman is not worthy to unlace.

They established the standard of agricultural wailing for all time. So Senator Brookhart was invading territory which called upon him for his best. And the best he could think of was to denounce as traitors those who did not happen to agree with him.

Peffer would have called us "hirelings of Wall Street"; Simpson would have denounced us as belonging to the "scuttling crew of the great red dragon of the money power."

Kansas is calm now because her problems are the problems of agriculture and not those of speculation. I seem to be accused of being a traitor because I have pointed out some evidences of agricultural prosperity in my own state. We have lived through that period of despair and agricultural indignation which follows land speculation.

**T**o THE *Atlantic Monthly* and its able editor, Ellery Sedgwick, we present our compliments, not unmixed with envy. To have secured from Professor William Z. Ripley an article which has aroused so much attention and caused so much comment in the business world as "Stop, Look, Listen!" was a piece of intelligent and commendable enterprise.

One thing in particular we like about Professor Ripley's article: He assumes that his business readers have the same wide knowledge of words that he has. He does not undertake to write in words of one syllable. Still we feel that some of his business readers may have paused for a moment at "fulguration," "obfuscate," "macabre," "mulfurther." That last word is missing from our biggest office dictionary, but we knew in a moment what it meant.

**R**ECOGNITION of merit and acknowledgment of distinguished service in a manner most appropriate and urbane is the election by the Tacoma Chamber of Commerce of Edward P. Kemmer to a life membership in that virile organization.

He is the first citizen of Tacoma to be so honored. The honor was bestowed by unanimous vote of the Trustees.

The distinction is a recognition of Mr. Kemmer's many years of service as Secretary-Manager of the Tacoma Chamber, terminated by his recent resignation to enter private business.

Mr. Kemmer's activities won nation-wide attention and interest. His success in organization work and in the development of the Chamber idea was distinguished.

To him and to William Pigott, of Seattle, is largely due the credit for the organization of the Pacific Foreign Trade Council, a potent agency in the enlargement of the West Coast's overseas trade.

In honoring Mr. Kemmer the Tacoma Chamber honors itself no less.

**W**HEN Senator David A. Reed of Pennsylvania, in our August issue, told what he would do if he were dictator, he stirred up vigorous opposition and equally vigorous support among our readers.

Here is a sample of the comment on both sides:

J. J. Rankin of Cincinnati writes:

Your August issue had one article in it that provoked a mental storm in my mind. I was going to write you and say it was the best issue you ever put out but I'm afraid I can't do it—for you wasted my time when you offered,

"If I Were Dictator," by David A. Reed, U. S. Senator from Pennsylvania.

Dictators of this class usually end up bankrupt or its equivalent. To get away with being a dictator you must be good—and generally right.

My reaction every time I read such an article is a hundred mental letters. I let this ride a week so as to make it mild.

*Live La Nation's BUSINESS when you are right—Bon Soir when you are wrong.*

In a different key is this one from Kansas. Naturally one would expect Kansas to get jolly well "lathered up" over such drastic things as the Senator says he would do if he were dictator.

But our Kansas correspondent, Richard T. Keefe, of Arkansas City, proposes a loud and lusty cheer for the Keystone Senator. Says Mr. Keefe:

NATION'S BUSINESS has published many articles that coincide with the writer's views. Therefore, naturally they are pleasing and interesting; but nothing in a long time has touched the spot like Senator David A. Reed has in his article "If I Were Dictator."

This will not be a popular article today, but the pendulum will start back one of these days; then the "band wagon" will be crowded with near heroes. However, one now is worth a million later.

A MEMBER of our Fewer-Laws Club sends us this for the archives:

Recently the business of arresting speeders in a small New Jersey town slackened a bit. The town's traffic squad was having a hard time holding his job. Villagers were making invidious remarks and all that sort of thing.

So the "law" started a little investigation to see why it was that motorists who came through the town seemed so meticulous in their observance of the ordinances and statutes made and provided.

At a filling station he found the answer. It was a sign:

SLOW DOWN  
THE POLICE  
have set a trap to catch all  
SPEEDERS  
THIS GARAGE  
aims to give service to motorists

The "law" tore the sign down as being in restraint of his trade.

Our correspondent asks whether the purpose of law is punitive or monitorial and if our Club should not do something.

The question is respectfully referred to our growing membership.

WHEN in our July issue, William Feather frankly set forth the philosophy that has made this country what it is, and called upon all Americans good and true to stand up unashamed, he loosed an avalanche of comment. Some heartily agreed, others saw in it only an apology for gross materialism.

With those echoes still ringing in our ears, we read with interest this from Henry Ford:

This passion of visitors from abroad for changing America into something new and strange belies the statement that we are a great and strong world savior. America's value to the world consists not in the money it may lend but in its being a demonstration and a challenge. We have demonstrated that there are always being thrown up from the midst of the people men who can meet the future and make



## "Shorthand? discarded it ten years ago!"

So says W. W. Galbreath who uses The Dictaphone at home as well as in the office

Read what this outstanding executive says about Dictaphone convenience—then profit by his experience, using coupon below.

"SHORTHAND? Too antiquated for us! We threw it out years ago—just as we threw out our machinery that had outlived its usefulness."

That is the view of W. W. Galbreath, President of the Youngstown Pressed Steel Company. This concern had pioneered in educating manufacturers to substitute pressed steel for iron castings—saving them 20 to 40 per cent. Its service includes everything from redesigning parts of machinery, so that stamped steel can be used, to designing new machines. Quite naturally, therefore, this organization followed a similarly progressive policy in choosing its office equipment.

"Competition forces us," Mr. Galbreath adds, "to employ the most efficient equipment, in office and factory alike, but even if it didn't we would use The Dictaphone."



Melba Bean  
Mr. Galbreath's Private Secretary, says there would be no way she could do her present work if it were not for The Dictaphone.

phone on the score of convenience alone. We have Dictaphones in every single office in our plant and we couldn't possibly do without them."

Mr. Galbreath likes The Dictaphone because it enables him to answer letters *immediately* on their first reading, before they are cold. Also, because he can quickly wade through correspondence which piles up during his frequent trips away from the plant.

Often he dictates important letters and reports at home, where he keeps an extra Dictaphone. Also, nearly all instructions to subordinates are dictated quickly to The Dictaphone, instead of being given orally.

Miss Melba Bean, secretary to Mr. Galbreath, likes The Dictaphone, too. She says, "I prefer to have him use The Dictaphone. It gives me more time for my other work. I can do it while he is dictating and, of course, I couldn't if I had to take shorthand notes."

## dictate to the dictaphone

and double your ability to get things done

What's Wrong  
With Shorthand?

Secretaries say:—

"He talks so fast I'll be getting writer's cramp soon."

"Hours wasted while he's in conference."

"The other girls can't help me out."

"I'm nothing but a bellhop."

"Cold notes are maddening."

*That's enough! I'll show him this trial offer right now.*

MAIL WITH YOUR LETTERHEAD

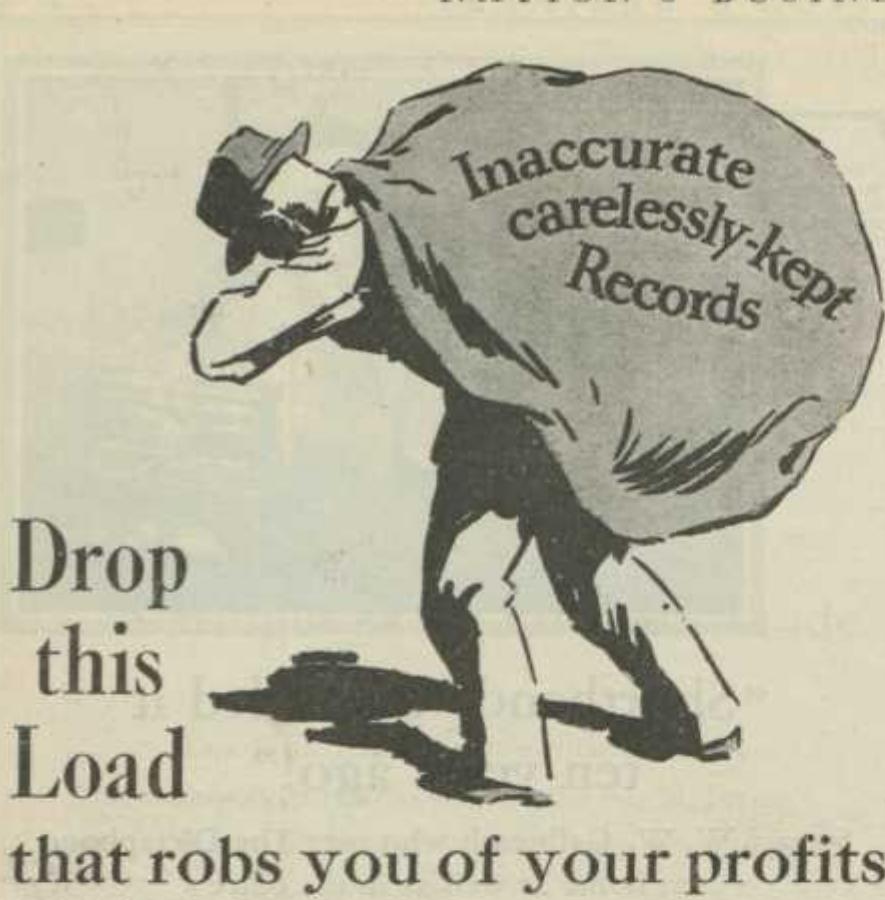
Dictaphone Sales Corp., 154 Nassau St., New York City

I want to read what leading executives or secretaries say about increasing their ability with The Dictaphone. Mail me FREE copy of your booklet, "What's Wrong With Shorthand?"

I am a Secretary  Executive  (Check One)

Please notify your nearest office to lend me a New Model to try. I understand that this loan involves no expense or obligation.

*For Canadian inquiries address Dictaphone Sales Corp., Ltd., 33 Melville St., Toronto, Canada  
World-wide organization—London, Paris, Brussels, Sydney, Shanghai, etc.*



## Drop this Load that robs you of your profits

EVERY business man knows that errors are costly—they steal away your profits like a thief in the night. Yet by keeping accurate written record of every transaction these mistakes can be avoided.

Business men everywhere are turning to the WIZ Register as the best and quickest method of safeguarding their profits.

When the WIZ Register is used a clerk writes but once and you have as many accurate copies of the transaction as are necessary. Each on a different colored paper, if desired, for quick identification. And these slips are flat making them easy to handle and file.

A complete copy of every original reffolds in a front locked compartment in an unbroken strip—ready for quick reference. Thus there is no chance for lost records. This unbroken strip of slips, always in numerical order, makes auditing and posting simple—like turning the pages of a book.

Speaking of speed—WIZ takes but one-half minute to load. No rolls—just one "flatpak" even though you need as many as five, six, or seven copies.

Let us tell you how WIZ Register, applied to your specific problems, can save you time and money. There is no other method of record keeping quite so accurate, fast or convenient.



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HERE it is again! "If business doesn't government will."

The Pittsburgh *Legal Journal* foresees press censorship in America. In a denunciation of lewd, vulgar comics and the exploitation of crime and sensuality, the *Journal* says:

Censorship of the press certainly is on its way and no set or class of people is doing more to speed it than the publishers. Most publishers will ridicule the thought that such is possible. So would the slave owners and the booze dealers scorn the suggestion that their rights would ever be outlawed.

Just another brief in the case for self-regulation of business.

TAKING text from Congressman Wood's article on the growth of government bureaucracy at Washington in our September number, the able *Buffalo News* reads local government agencies a timely lecture on the evils of overexpansion of government functions and overfussiness of government activities.

Says the *News*:

In this connection it may well be considered that state, county and municipal governments reflect in their more limited fields the same expansion of government functions and extravagant growth of personnel that are seen at Washington. Moreover, the local governments impose much the heaviest part of the burdens borne by the taxpayer. The same remedies which are urged for the Federal Government could usually be adapted with profit to local governments.

AND WRITING in the *Outlook*, Dixon Merritt uses this significant language:

The paramount issue in the politics of the past few years—probably the paramount plank in the platforms of both political parties in 1928—will be anti-bureaucracy, anti-paternalism, anti-government-in-business, or whatever name may be given to centralization of control.

There is a revolution on against bureaucracy, and it already has up a lot of steam despite the fact that it slipped up on the blind side of Washington. Nobody, probably, knows where it started. There are indications that it started everywhere at the same time, that there was a general and simultaneous awakening to the danger—if it is a danger—of paternalism.

A BUSINESS man who had been irritated beyond measure by solicitors for this and that—tag-days, drives, and charity advertising—so the story goes, was bitten by a dog. He went on to "business as usual." When word got around his outer office and a couple of his irritants inquired solicitously of him,

"You have just been bitten by a mad dog!"

"Yes, I was." (Business of not looking up.)

"What! And you came right to your office?"

"Yes. There was some writing I felt I just had to get done." (Business of going on writing.)

"O, I see. Writing your will, I take it."

"No. Writing the names of the people I am going to bite when I go mad."

M.T.



## "Stay a minute more— This Acme man can help us"

THE President and Treasurer had been discussing the difficulty of obtaining quick information, and ways and means of improving their record systems, when the Acme man was announced. The President had discussed record systems with him before and knew the Acme man could help them.

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He's a graduate Doctor of Records, this Acme man. He knows record forms, record systems, record equipment, from the Alpha of "visibility" to the Omega of "automatic upkeep."

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your record forms to meet *your* individual needs.

One of these days you're going to wonder what is responsible for a sudden sales slump; or why your inventory is in a mess; or why you're missing discounts; slow in getting out bills; unaccountably shy some parts that your production manager is clamoring for—and your records won't tell you why!

Those things happen. They may to you—any day. But they can't happen if you take advantage of the Acme man and use his experience in the records of thousands of businesses to make your own records trouble-proof.

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Representatives in principal cities. Consult phone book

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#### ACME CARD SYSTEM COMPANY

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Clocks	Street Cars
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Electrical Fixtures	Telephones
Electrical Machinery	Thermos Bottles
Elevators	Toilet Seats
Furniture, Wood and Metal	Tools
Gasoline Pumps	Toys and Novelties
Metal Signs	Trunks
Office Appliances	Vacuum Cleaners
Pencils	Vending Machines
Pianos	Washing Machines
Plumbing Fixtures	Wire Insulation
	Wooden Handles

ONE of these men is your own engineer; the other, a du Pont Industrial Finishing Engineer. Either one, alone, might think the present method of finishing your product is adequate. But carefully surveying the subject together, each profiting by the other's experience, they see how far it falls short of perfection.

They say, "at this point, costs might be reduced through time-saving; here, greater value might be given; here, a simple change in finishing materials will make the product more saleable."

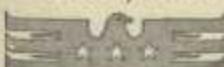
For years, the du Pont Finishing Engineer has been gaining experience in widely diversified industries. He has been trained to work in harmony with the organization to which he is called. Behind him is the technical knowledge of the du Pont Company, and the accumulated research and technical background of the du Pont laboratory staff, the largest of any among American commercial organizations.

The services of the du Pont Industrial Finishing Engineer are free to business executives. An inquiry about the du Pont Industrial Finishing Service and what it can accomplish in your plant will bring you a copy of an interesting folder "Imagination, the Business Builder," and other data covering the field of industrial finishing.

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# The Bank's Part in the Farmer's Trouble

*An Independent Study of Factors Making for Mid-West Farm Distress*

By ERIC ENGLUND

*"IT MAY be well to point out that farmers were not the cause but the victim of the land speculation which carried land values in some regions up to impossible heights in 1919 and 1920. The land boom was nourished mainly by business men and bankers in the country towns."—Secretary of Agriculture, HOWARD M. GORE, Report to the President, 1924.*

THIS statement challenges attention. Its strength lies in the fact that it seems to be substantially correct. It lays the blame for a large part of the farmer's post-war troubles on the bankers. Records of banking operations, the testimony of many bankers, farmers and business men in the middle west, and published observations of students of economics support it.

What part did bankers and banking play in boosting the farmer to that dizzy precipice of inflation from which he fell in 1920? In attempting an answer, the above quotation must be considered and qualified in the light of general economic conditions just before and during the boom period of 1919-20, and in relation to the public policy in local banking.

The recent war set in motion economic forces that created a general business optimism. As all other great modern wars, it brought its financial companion— inflation. Prices the world over rose beyond all experience of this generation and we mistook the war-created boom for the birth of an indefinite era of prosperity.

#### No Time for Haggling

DEMAND for goods exceeded all precedent within our memory. Food and raw material were soon considered on a par with ships, guns and munitions in winning the war. The hope of large gain, plus a strong patriotic appeal, brought land, capital, and human energy into the production of these goods. There was no time to dicker over price.

The purchasing power of farm products—price paid to the producer—in terms of nonagricultural commodities rose above

NOT LONG AGO, in an informal discussion of the farm problem, David F. Houston remarked that the banking situation in the distressed agricultural sections and the activities of the banks had never been adequately studied and presented. Coming from Mr. Houston—a former Secretary of Agriculture and a former Secretary of the Treasury—this statement had a peculiar significance.

Then, too, so many conflicting diagnoses of farm troubles have been advanced and so much loose talk indulged that NATION'S BUSINESS commissioned Eric Englund, professor of agricultural economics of the Kansas State Agricultural College, to make a fact-finding study.

Mr. Englund is a recognized authority on farm economics. He understands practical farming. He is sympathetic with the farmers' viewpoint.

There were no strings on Mr. Englund's commission. NATION'S BUSINESS had no preconceptions, no theories to bolster, no panaceas to advocate.

Mr. Englund talked with farmers, bankers, and state banking officials. His story is here presented—a dispassionate survey.

—The Editor.

the 1909-14 level and remained there throughout 1918 and 1919. The purchasing power of corn stood above that level from December, 1916, to October, 1919, reaching the peak of 134 per cent in March, 1918. In July, 1919, hogs reached the high point of 119 per cent of pre-war purchasing power; they were "above par" from March,

to nearly \$5 an acre in Iowa. Share rent brought more than \$10 an acre. Good land everywhere produced a high net income, and general faith in further increase in the near future flourished. Land soon sold "above par," like industrial stocks that pay high cash returns and promise a good "melon crop" of stock dividend. Men rushed into

land deals to reap a golden harvest of resale at still higher figures, and the land boom was on. The astute few who foresaw the impending collapse and dared to sound a warning note had no chance to be heard in the noisy scrambles for speculative gain. Judging by the noise, one might have assumed that most of the corn-belt farms were changing hands. But the U. S. Department of Agriculture, in a study in 1920, put the turn-over of Iowa farms in 1919 at not more than 10 per cent—about 21,500 of all farms in the state.

#### And the Boom Was On

IN THE meantime, banks did a rushing business in the farming sections. Deposits in the state and savings banks and trust companies of Iowa rose from \$304,794,000 in 1913 to \$657,886,000 in 1920, an increase of 116 per cent. Loans and discounts of all banks in the middle western states increased 105 per cent from 1914 to 1920, 139 per cent in the southern states, 163 per cent in the western and 110 in the Pacific states, as compared with 94 and 65



per cent in the eastern and the New England states, respectively. Loans and discounts in forty agricultural counties scattered over four middle western states increased 140 per cent in the same period.

Bankers were anxious to keep their funds employed, and it was not difficult to find borrowers at a high rate of interest since everybody was prosperous and nearly everybody was considered a good risk.

With these facts in mind we can now review two phases of local banking in this period: (1) The part which public policy or the banking system played in boosting farm values to unreasonable heights and in piling up the debts under which farmers have struggled since 1920, and (2) the responsibility of the bankers.

The central fact in the banking situation in the middle west was tersely expressed by one bank commissioner: "We have too many banks and not enough bankers." He meant that this region is excessively "banked" for the available banking business and that many bankers are unfitted by training and experience to manage financial institutions.

The rush to organize small banks reached its height in the boom period. Of the 364 state banking institutions organized in Iowa, Nebraska, Kansas, and Missouri—outside of St. Louis and Kansas City—43 per cent were

should have somewhat more banks on a per capita basis than the highly urbanized parts of the country. Nevertheless, one cannot avoid concluding from the accompanying charts that the banking business of the middle west was and is over-diluted.

#### 86 Miles—One Bank

IT BECAME dangerously easy to start a bank in that time of inflated prices, when banks could be chartered with a capital of \$10,000 or \$15,000. The legal requirements were fixed while the value of the dollar diminished. The more it shrank the easier it became to get enough capital to start a bank. The gross income from 200 acres of corn was enough to start a \$10,000 savings bank in Iowa in 1919, on the basis of average yield and average price. On the same basis, only 358 acres of wheat were required to start a bank in Kansas, 476 acres of oats in Illinois, 377 head of hogs in Nebraska, and 86 miles in Missouri.

Easy as it was to open a new bank, it was still easier to become a bank director. For example, the Iowa law permits a man to be a director of a savings bank with a capital stock of less than \$20,000 if he owns 1 per cent of the stock. He is eligible to the directorship of a \$10,000 bank if he owns one share at \$100. Thus in 1919 the

gross income from 2 acres of average corn was enough to make a man eligible to become a bank director, with all the advantages and prestige thereunto appertaining. No doubt relatively few bank directors owned such a small amount of stock, but the point is that the law was and still is lax in this respect.

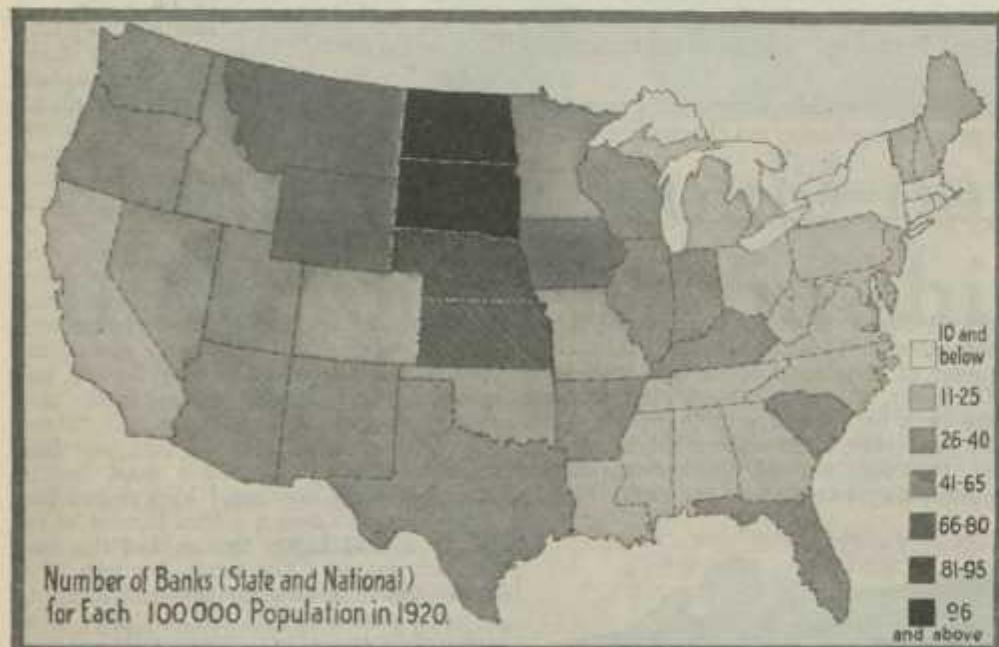
In the years of war prosperity, those who wanted banks to help them plunge into speculative ventures found it simpler to organize a bank of their own than to submit to the scrutiny of the conservative, safe banker. Speaking of the free-and-easy banking in Iowa during the boom, Prof. Fred L. Garlock, of the Iowa State College, in an authoritative article on "Bank Failures in Iowa" in the *Journal of Land and Public Utility Economics*, January, 1926, says:

The people of the state were able to select from a large assortment of banking facilities. If unable to satisfy their desires at one bank, more agreeable treatment usually awaited them at another; and if all the bankers were unreasonable, it was not difficult to start one's own institution which would be run along acceptable lines. All the advantages of free banking came to fruition; there was no monopoly, nor were there many restrictions.

Dangerously keen competition is a result of too many banks, and of free-and-easy banking. This played a big rôle in the inflation of values in the boom. Bad loans and speculative "investments" were among the results. And small volume of business seriously cut into the necessary earnings of the banks.

#### One-Crop Banking

THE business of each small bank usually extends over a limited territory and includes relatively few persons and businesses. This means dangerous specialization of both depositors and borrowers. In other words, the small bank is not sufficiently diversified in its interest. Like the one-crop farmer, it has all its eggs in one basket. Even a local business depression at once affects both depositors and borrowers, and curtailed deposits and "frozen" loans soon drive the bank into insolvency. This situation was fundamental in a large number of bank failures since 1920 in the middle west. Small banks went to the wall more readily than large ones.



capitalized at \$15,000 or less, 76 per cent at \$25,000 or less, and 94 per cent at or below \$50,000. Of the 409 state banks organized in Illinois outside of Chicago in 1919-20, 128, or 26 per cent, had a capital of \$15,000 or less; 208 banks, or 62 per cent of the total, were capitalized at less than \$25,001; and 91 per cent at \$50,000 or below. But this phenomenal increase in the number of state banks in Illinois was due in a large measure to a conversion of private banks, since the Illinois law abolishing private banking went into effect on January 1, 1921.

The 53 state banks organized in Minnesota in 1920 had an average authorized capital of only \$20,358. The average in North Dakota was \$28,608, in South Dakota \$20,341, and in Oklahoma \$32,222. The greater number of these banks was of course, capitalized at figures considerably below these averages.

It is logical that sparsely settled states



But the danger of too many banks for the available business is not confined to the small country banks. Many a failure or near-failure among large banks in the big centers is also due to overdilution of banking.

Another weakness of a free-and-easy system that fosters a large number of small banks is that it gives added opportunity for persons, ignorant of the fundamentals of sound finance, to go into the business of banking. To be sure, they may know the business within the narrow confines of their communities, but they often do not know the broader business connections and the fundamentals of banking. In 1920 there were many "fair-weather bankers." While they might have piloted their business safely in calm and normal times, they could not steer clear of the rocks in the stormy times of the inflation and of the collapse that followed. They failed to keep enough "ballast" of safe and easily negotiable paper in their portfolios. Too often they all but forgot that they were bankers and yielded to the temptation to speculate in land. The retired farmer who had become a banker knew the land game, or thought he knew it, better than he knew banking.

### The Bubble Is Blown

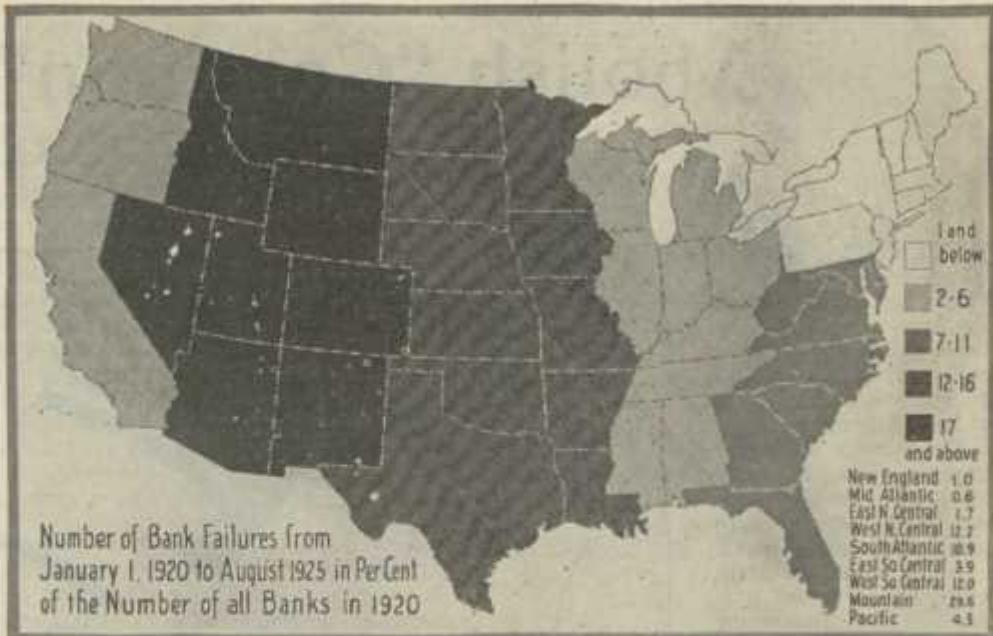
**B**ANKERS were, in a measure, responsible for inflation of land values and for piling up farm debts in a time of unprecedented opportunity to get out of debt. But, as stated in the beginning, this change needs to be qualified in the light of economic conditions and the laxity of state banking systems. Many forces induced bankers to do unsound things in 1918-20. They, along with the majority of the population, had seen no important inflation and few, if any, serious depressions. When the boom came, the experience of the past was no criterion for the future.

Even at the close of the World War there was no thought of an impending surplus of farm products. The thought was rather of the number that would starve to death because of shortage. The vision seemed to be one of a hungry world ready to take our products at any price rather than of a market flooded with the products of an over-stimulated agriculture.

Bankers were at fault in making it too easy to buy land. They were in a position to put on the brakes, but they did not do it. Only a small sum was necessary to buy a land option. Bankers often had such faith in a continued rise of land values—or in their ability to get out from under the land deals before the collapse—that they would advance most of the purchase price. An Iowa farmer reports a case of a barber in his community who had \$500 to start with and who, with the aid of a friendly banker, soon "owned" two farms. Cases approaching this kind of high farm finance were evidently not uncommon, judging by the testimony of farmers and bankers.

The banker who advanced most of the purchase price of land in the boom period helped to inflate land values and debts to an unreasonably high figure. He also jeopardized his bank and the interests of the depositors. This practice brought many banks to the wall.

Rising land values were not the only thing that caused dangerous plunging. Other kinds of purchases also figured in the frenzy of optimism. For instance, frozen and greatly



depreciated security, or valueless paper, based on pure-bred cattle also endangered many banks and broke a number of them.

It was considered a mark of virtue, certainly not a danger, to get into debt. An Iowa banker, Mr. John Cavanaugh, said in *The Bunker and Farmer*, October, 1919:

Nothing makes a man dig his toes so firmly and lean so heavily against the yoke as being in love and in debt. The man who pays \$500 an acre for land will have to love the land, else he will know in advance that his venture is doomed to failure. And, loving the land, he will work all the harder and better to make it yield abundantly so that the debt which spurs him on under the burning sun can be wiped out at as early a date as possible. The man who has a \$100 farm already paid for will farm about \$100 worth and quit, but the man who has a \$500 farm, not paid for, loving the land, his work and those of his household, will do \$600 to \$700 or perhaps \$1,000 worth of farming. And the chances are that, when he gets that particular debt paid off, he will contract another.

### Farmers Plunged Deeper

**F**EW farmers seemed to realize how easy it would have been to get out of debt while corn was above \$1.75, and wheat above \$2.25. Adequate leadership was lacking. The influence of the sound banker was often submerged by the forces of recklessness.

Communities that were fortunate enough to have conservative bankers, who themselves played a safe game and urged their people not to speculate in land and in get-rich-quick schemes, are ahead now. They are also less likely to take seriously the panaceas of the opportunists. Nor are they so susceptible to the assertion that "Wall Street" and the Federal Reserve deliberately deflated the farmer and thus caused farm prices and land values to fall. This fallacy is still fostered, despite the following official facts:

The action of the Federal Reserve Board and the Federal Reserve Banks during the fifteen months preceding April 28, 1921, did not produce a greater curtailment of bank loans in the rural districts than in the financial and industrial sections.

The increase in discounts of agricultural and livestock paper was relatively greater than the rediscounts of all other paper, and the liquidation of discounts of agricultural and livestock

paper was relatively less than the liquidation of all other discounts. (Report on Credit by the Joint Commission on Agricultural Inquiry, 1921.)

### Some Bankers Catch Fever

THE greater farm trouble is found in communities whose bankers yielded to the spirit of speculation and reckless lending. The mistaken judgment of such bankers helped undermine their communities and their banks in many ways, even by discounting notes to promoters of get-rich-quick schemes. One can find in the boom areas distressing accounts of how farmers, their conservatism and caution numbed by temporary prosperity, were bled of their cash, their Liberty Bonds and other assets by promoters, stock vendors and schemers of all kinds. And farmers were not alone in this. Merchants, doctors and college professors also fell.

Inflation of debts was a common practice. Lending agencies, bulging with money, settled loans, principal and interest, by making new and larger loans on the same security, in the mistaken belief that sound securities would go up in proportion. This, too, helped to saddle the farmer with the debts under which he is now struggling. In a few cases this pyramiding of debts did not cease when the bottom dropped out of prices. New and larger loans were made to cover principal and interest of the unpaid loans, plus a "paper commission." Thus the borrower was sunk deeper in debt, the lender evidently hoping that "something would be done" to loosen things up to save him from writing off his losses and make his paper profits real.

### Banker Is Farmer's Oracle

THE banker had the reputation for wisdom in financial matters. The farmer was and is accustomed to get his best business advice from the banker. It was precisely this that made the reckless, short-sighted banker a dangerous factor in his community. His high reputation was a power for good or ill. The spirit of the time was receptive to unsound advice and bad example.

The banker with vision is realizing more than ever that he has a responsibility to the borrower as well as to the depositor. He

(Continued on page 50)

# Abolish "Common" Labor

By EUGENE B. CLARK

President, Clark Equipment Co., Buchanan, Mich.

DURING recent years immigration has been restricted by law. This may be taken as evidence that at one time the consensus of opinion was in favor of such restriction.

The opinion was never unanimous, however, and at present those who oppose such restrictions are making themselves heard.

It is admitted that from a eugenic viewpoint it is desirable to maintain the highest possible standards of national intelligence, but it is held that proper selection is better than drastic limitation.

This country prospered greatly during years of practically unrestricted immigration. Our rapid increase in population assisted in the rapid increase of our home markets, and has been tremendously influential in the development of specialization in industry. Specialization enables the American manufacturer to compete successfully in world markets. Specialization must start with a large domestic demand. The automotive industry, for instance, has thrived largely on low prices, based on low production costs made possible by specialization.

## Our Prosperous Age

IN NO other age has industrial development rivaled that of this country in the past century. Furthermore, this development has been accompanied by an equal improvement in living conditions and an equal advance in civilization.

All shared in the benefits. Labor, so-called, is especially prosperous. Never did the working man have more opportunities and never did he enjoy more luxuries. With the aid of labor-saving tools he produces much more than ever labor produced before, and an ever-increasing proportion of what he produces classifies as luxuries, which he largely consumes.

A century ago Malthus cast many serious-thinking people into gloom by his widely discussed theory that population was outstripping food supply so rapidly that the world faced starvation in the comparatively near future.

Today, thanks to agricultural machinery



"In this country we ought to be ashamed to see a man digging a ditch."

That was the statement made by a business man to the editor.

An extreme statement, perhaps, but suggesting a fine goal at which to aim.

There is talk of the need of "common" labor as one reason for widening the doors to immigration, but why not lessen the need for "common" labor? That's the question Mr. Clark asks. The illustrations by Covarrubias were used in Mr. Clark's publicity campaign, advocating the gospel of the abolition of "common" labor.

We have gone lengths in doing away with "common" labor. Material that once traveled on men's backs now goes by machinery. But there are long steps yet to be made.

—The Editor

used under the direction of trained agricultural scientists, the food supply is ample for a vastly increased population and the theories of Malthus are forgotten. Rather are we concerned with obtaining broader markets for the farmers' products.

## Steel Is Necessary

A CENTURY ago, steel as it is known today did not exist. Now it is of such universal adaptation to the everyday needs of life that it is almost impossible to imag-

ine what life would be without it. The steel industry of today, employing billions of capital and millions of men, is a product of the industrial advance of the last hundred years.

Men were happy before we had steel, but if steel were taken away from us, today, could we be happy? African savages and Arctic Eskimos are probably happy today without steel, but that statement does not impress twentieth century Americans. Steel is in common use by civilized peoples today because it is cheap. It is cheap because it is produced with the minimum of manual labor, by the use of labor-saving machinery developed to the nth degree.

The automotive industry is entirely a development of the last quarter century. Figures with respect to it, even though impressively large, are too well known to be dramatic. We all know that the annual value of automotive products runs into the billions, and that the number of workers engaged in this industry runs into the millions, but do we realize the change the automobile has made in our everyday lives?

## Labor-Saving Devices

BY ITS use, transportation, conceded to be a fundamental of civilized life, has been extended to every man's door. The development of the manufacturing methods that have made the automobile possible is a triumph of labor-saving methods and devices. Even those whose daily occupations bring them in intimate contact with this class of work marvel at the developments which take

place with such rapidity in this industry.

One might repeat instances almost indefinitely. Every class of worker has his mechanical tools, without which he is hopelessly lost.

The miner depends upon dredges, power shovels, coal-cutting machinery, hoists, conveyors, crushers.

The farmer uses tractors, plows, harvesters, threshers, and countless other power-operated machines.

The steel worker handles his materials

with enormous cranes, hoists, charging machines, and rolls, familiar to all.

The printer does his work by machinery.

The roadbuilder, who by his labor during the last decade or two has multiplied mileage of improved roads manyfold, does his work almost entirely by machinery.

The mechanic, whether he works in wood, or metal, or stone, has almost abandoned hand work in favor of machine work.

The clerical worker has the typewriter, the adding machine, the calculator, the sorting machine, the billing machine, the addressing machine. And so on.

#### Labor Demands Mechanical Help

IT IS an age of machinery. Practically every worker has had his productive capacity increased by the use of machine tools. We have become uncannily skillful in devising and using such aids. Some deplore this, but theories will not stop the trend of the times.

It is of interest, moreover, to consider the effect on the worker himself. Psychologists should find this an interesting study.

The employer knows that a change has taken place in the mental attitude of the worker. No longer is a man, except he be of a low order of intelligence, satisfied to do what has long been called "common labor." Such work is too slow and unsatisfying. An intelligent worker wants to see his job "go fast." To be sure, there are still some unintelligent ones whose ideas do not soar above time serving, but these are not in demand by employers. The profitable employee demands an opportunity to make a good showing. He it is the employer wants and for whom he bids with offers of good wages. But to use such workers advantageously they must be provided with labor-saving tools.

#### Skilled Labor Has Tools

ALREADY all industries are largely filled with skilled workers, who as a matter of course are supplied with highly developed tools. However, in all industries there yet remains work that can be done only by those who classify under the unfortunate misnomer "common labor." This work falls to the lot of the unskilled worker, who is the last to be supplied with modern tools. The percentage of work falling into this class is constantly being reduced, yet it still bulk large.

Many—if not most—manufacturing plants deal with bulky materials. Such materials

must be moved repeatedly from place to place within the factory in process of manufacture. Machinery can be and is widely used for such moving, but there still remains much transportation which must be done by human labor.

Studies in a number of plants have shown that the costs of such "internal" transportation closely approximate the freight costs of bringing materials to the plants. If this be true generally, one of the most important manufacturing problems is the further development of labor-saving machinery for use in the transportation of materials within manufacturing plants. Cranes, hoists, conveyors and the like are widely used, but a demand exists for more devices of a highly flexible nature. The gasoline-propelled vehicle offers hope for material advance in this direction.

About fifty years ago a noted authority estimated that the steam engine at that time was doing the work of eighteen hundred millions of men. Whether or not his estimate was exact is of little consequence, for it is certainly true that even at that time the steam engine was relieving mankind of a tremendous burden of manual labor.



for the work can be done more cheaply even though higher wages are paid.

#### Labor Is Becoming "Skilled"

THE biologist can scarcely object, for all the evidence goes to show that the workman's life is fuller and brighter, and that his intelligence constantly improves under such better conditions.

Up to the present the development of labor-saving tools has been mostly for the benefit of the skilled rather than the unskilled workman. This is natural. Skilled labor is the most costly to the employer. Yet an unskilled laborer when provided with labor-saving tools rapidly graduates into the class of skilled labor. The employer thus finds increasing difficulty in securing labor to do such work as yet falls within the province of unskilled labor. Such work consists largely in moving materials.

Getting back to immigration—our present laws, restricting the number of immigrants, reduce the supply of workmen which American manufacturers in the past have depended upon for their unskilled labor. Industry continues to expand but immigration does not supply it with an adequate number of unskilled laborers.

The law may be amended and restriction based more on quality than quantity, but the situation will not be greatly improved. Social and educational forces in this country are doing more to deplete the supply of unskilled labor than immigration restriction can possibly reduce it.

#### Machines Must Help Labor

THE manufacturer must and can solve the problem without the aid of the lawmaker. Machines must be developed to take the place of man power. Countless labor-saving machines have been given to the skilled worker. More labor-saving machines must be given to the unskilled worker.

An alternative has been suggested—that American manufacturers export their factories rather than their products. In other words, the question confronting the American manufacturer is:

If I must have a larger supply of low-priced labor to meet the competition of countries where all labor is lower priced, might it not be better to manufacture that part of production intended for foreign consumption in the countries where low-priced labor is abundantly available?

Mechanized common labor is the logical "way out" of the dilemma.



Shortly thereafter the electric motor made its great contribution to lightening labor, and to increasing its effectiveness.

#### Mass Labor Is Impossible

LASTLY has come the gasoline engine as a third great means of lessening the toil of the manual worker. Who can deny the benefit to mankind of these and the many other tools in the hands of workers? Imagine the difficulty of finding sufficient unskilled labor in these days to build a Chinese Wall or an Egyptian Pyramid by methods in vogue when those tremendous tasks were accomplished.

Even in China or India it might be impossible, but certainly in this enlightened country the worker has progressed far beyond the stage where he will submit to the back-breaking toil that once was his daily lot.

In the modern scheme of civilization arduous manual toil is not acceptable to man. The employer in these days must provide his men with labor-saving tools.

The worker demands it, not only because it lightens his task, but because it increases his self-respect. Any workman prefers driving a truck to pushing a wheelbarrow. If, incidentally, the workman's productive capacity is increased, the employer benefits.



# I Have Seen Business Clean House

By R. PERRY SHORTS

Vice-President Second National Bank, Saginaw, Mich.



Cartoons by Stuart Hay

"Funerals of dead companies were frequent and hilarious"

**I**IF COAL is ten dollars a ton, how many tons will you get for \$30.00?" queried the teacher.

"Two and a half," said Johnnie, the coal dealer's son.

"Why, Johnnie, you know that isn't right," scolded the teacher.

And Johnnie replied, "I know it ain't right, but they all do it."

This and dozens of other stories just like it were popular twenty-five years ago when I was just lau...ching out on the rough seas of American business. It did not truly reflect the general business standards of that day, and yet I believe it reflected them more truly than it does today. In other words, I believe that business standards are higher today than they were twenty-five years ago.

#### Talk of "The Good Old Days"

WE HAVE all listened to retired business men talk about the "good old days" when a man could run his business as he pleased and "the public be damn"; when there weren't any government inspectors around snoopin' their noses into your private affairs; no Workmen's Compensation Laws telling you how to settle the claims of your own workmen; no Child Labor Laws regulating the age of your help; no Pure Food Laws forcing you to tell the truth about what you were selling; no Labor Unions dictating what men you must hire, how much you must pay them and how many hours they might work; and best of all, when a business man's profits were all his own and he wasn't forced to split 50-50 with an avaricious government.

Those were the days when "business was business" and men were men.

These "good old days" were not so long ago. Any business man who has passed middle age can still remember them. I recall them clearly, but more as a nightmare than as a pleasant remembrance. The gross unfairness of the business competition of those days—which condition necessitated the enactment of the very laws complained of—is to me an unhappy memory. In fact I believe that the young man of today enters a business world which has moral standards

far superior to those with which his father had to contend twenty-five years ago.

Let me give a few illustrations. About twenty-five years ago, I started in business as a life insurance solicitor. The company sent a "special" agent from New York City to teach me how to get business. He spent money lavishly and did everything possible to advertise his importance. About twenty suits of clothes—and as many fancy vests—aided materially to this end. I heard him interview several prospects, but never saw him "close" any business. Later on, he procured the applications of several of these same prospects and greatly impressed me with his business-getting ability.

After he had left town, my respect for him turned into contempt when I learned that every dollar of business he had written had been procured by secretly cutting the price from 40 to 65 per cent. He was just a plain every-day "rebater," but there were hundreds of others just like him in those days, and the companies themselves winked at the practice and didn't hesitate to accept the ill-gotten business. Today, anti-rebate laws are effective in most of the states of the Union, making it a misdemeanor for an agent to grant a rebate or for a policyholder to accept one. From a business which formerly tolerated many immoral practices, life insurance has now risen to a position of high esteem.

#### When Competition Was Cruel

A FEW YEARS later, I became general counsel of a large industrial accident and health insurance company, and this afforded an excellent opportunity to study the "inside" of this business from the company's standpoint.

This was only nineteen years ago. At that time the competition was underhanded, cruel, treacherous and dishonest. There were almost as many crooked agents as policyholders, and it often took a crooked agency man to catch either. You would go to sleep at night with a nice agency on your

books, and then learn before breakfast in the morning that the "Golden Rule Casualty Company" had stolen your business and your agent to boot.

In those days diplomacy was a fine art. You never accused a competitor of stealing but only of "twisting" your business, and then in such a gentle voice as to lull him to sleep just long enough to give you time to "twist" the business all back again before he woke up. Usually, the biggest business getters were the biggest thieves.

Confidence between competitors was about as dependable as between the two men who owned a clothing store in New York. One hot afternoon they went down to Coney Island for a swim when suddenly one exclaimed:

"I forgot to lock the safe."

And the other replied: "Well, what difference does it make—we're both here, ain't we?"

#### The Survival of the Fittest

NATURALLY, only the strong could long survive this strenuous game. Half our time was spent burying the dead companies—and spent gladly. Pallbearers were numerous and enthusiastic. Every funeral brought delight to the survivors, for it meant a division of the spoils. More than one prosperous company was built over the graves of deceased competitors. The agent who could "get the business" was in great demand, and few questions were asked as to whether his methods were fair or foul. These were the pioneer days of the business, and they developed some formidable fighters.

But finally—about ten years ago—a great light shone in the darkness. Confusion was replaced by order, and cut-throat competition by friendly cooperation. It all came about through the good sense and exemplary leadership of some of the strong men in the business including A. E. Forrest, of Chicago; C. H. Brackett, of Indianapolis; the late Louis H. Fibel, of New York; and a few others whose unselfish devotion to the cause of good business morals finally reestablished

the business upon a safe, sane and profitable basis.

These men founded an inter-company organization known as The Health and Accident Underwriters Conference, the backbone of which was a "Code of Ethics" embodying the principles of the Golden Rule—to which "Code" every company must subscribe before becoming a member.

Today more than one hundred insurance companies, controlling more than 95 per cent of all the business in America, are members of this organization.

This was one of the first codes of ethics ever adopted by any organization of American business men to elevate and regulate the moral standards of their business transactions toward one another. It blazed a new trail in American business life, which brought boundless benefits to the particular business involved and extended its beneficent influence to many other lines of business which have since followed its lead.

### The Bankers Are Learning

THE BANKING business has greatly improved its standards of service in the past twenty-five years. In the "good old days" the banker was looked upon with awe—and approached with fear and trembling. It was an ordeal to go to him for a loan, and if he finally let you have the money you felt under lasting obligation to him. The use of listed stocks and bonds as collateral was not as common then as it is today, and this very fact made it necessary for the banker to delve deeply into a borrower's affairs before granting a loan.

In "hard times" it was extremely difficult to borrow money for the very good reason that the banks themselves were hard up for ready cash and unable to get much assistance elsewhere. Many a sound business man was forced into bankruptcy not because his liabilities exceeded his assets, but solely because he didn't have enough cash on hand and could not borrow it from the banks in times of stringency. Today we find the bankers more friendly. Unbending dignity is not so common in bankers as it used to be.

Furthermore, the banking business generally has greatly strengthened itself and multiplied its service to the public through the Federal Reserve System, which acts as a great stabilizer to preserve prosperity by checking speculation, and at the same time to prevent drastic depressions by helping sound business men in the hour of need.

Years ago it was practically impossible to borrow money from the banks when business was poor, but today any sound business man (who really has the assets) can borrow money, and borrow it even cheaper in poor times than in good times. Banking service today is on a much higher plane than that of twenty-five years ago.

### Peanut Shucks in the Pepper

BUT INSURANCE and banking are not the only "reformed" members of our great business family. Look at the spice business, for example. A successful spice dealer recently told me that the ethics of the spice business twenty-five years ago were little less than criminal. He declared it was then a common practice of spice dealers to adulterate pepper with ground olive pits or peanut shucks; cinnamon with ground bark and mustard with flour. Anything and everything was all right if you could get away with it.

They adulterated coffee with chicory to

arouse the public to such a state of protest that Workmen's Compensation Laws were enacted quite generally throughout the United States. These laws not only improved the relationship between employer and employee, but, as an indirect result, raised the moral standards of the legal profession as well, by forcing the old ambulance-chasing lawyers out of business.

One of the things that has contributed most toward improving business standards has been the recent great change in the business organization of our country. Twenty-five years ago much prejudice existed against corporations, and the Government itself

took an active part to prevent their further growth. Today we know that the corporate system has been America's greatest instrument for economic development. In this brief period our national wealth has increased more than \$250,000,000,000. With only 5 per cent of the world's land and 6 per cent of its population, our country today does more business than the whole world did sixty years ago. We now produce 50 per cent of the world's coal, 64 per cent of its petroleum, and over 70 per cent of its cotton, and in addition we operate 35 per cent of the world's railroad mileage, 40 per cent of its water power, and 55 per cent of its telephone and telegraph lines.

### A Load Off Labor's Back

THROUGH corporate management, our men of brains have lifted the burden from the backs of labor and placed it on the iron shoulders of machinery. Where the farmer formerly planted by hand 2 acres of corn a day, he now rides on a machine and plants 20 acres a day. Where he formerly plowed 2 acres of ground a day, he now rides on an untiring tractor and plows 6 acres with ease. And the wonderful thing about it all is that, in spite of all these labor-saving devices, labor is paid higher wages today and works shorter hours than ever before. Every labor-saving machine has increased the production of wealth, and this increased wealth has in turn been invested in new industries which again increased the demand for more labor. The typewriter alone furnishes labor today for 700,000 stenographers, and the automobile industry supports more than 7,000,000 Americans. Every labor-saving machine has also increased the production of goods and in turn lowered their cost to labor itself.

Furthermore, our present system of corporate organization allows the widest possible



"Our men of brains have lifted the burden from the backs of labor and placed it on the iron shoulders of machinery."

increase the bulk and then coated the mixed product with a heavy varnish-like substance to improve the appearance and increase the weight. In those days he didn't quote pepper at so-much-a-pound but asked the customer how much he wanted to pay per pound, and then adulterated pure pepper sufficiently to meet the price. "Good old days" when the public paid for pepper and got peanut shucks, paid for cinnamon and got bark, paid for mustard and got flour, paid for coffee and got chicory! And this was the same patient public which for years tolerated railroad rebates and industrial boycotts, was cheated by unscrupulous merchants through short weights and measures, by drug manufacturers who sold habit-producing "dope" for harmless drugs, by patent medicine "sharks" who sold cheap alcohol for curative medicines, by countless dealers who sold milk which was contaminated with injurious preservatives, and by food manufacturers who adulterated their products.

The treatment of injured workmen by some employers of those "good old days" did much to



"Adulteration was a common practice; anything was all right if you could get away with it."

distribution of business ownership, and this has proved of advantage to our economic growth. Sixty years ago, our average industry employed about eight men and was managed by the owners themselves. But now all is changed. Competition forced the consolidation of these little plants into big ones, and ownership shifted from a few partners to many stockholders. Today there are about 15,000,000 owners of American corporations. Here we have public ownership of the right kind. And with this great numerical increase in business ownership have come opportunities for young men which were never before dreamed of. Our large industries can no longer be managed by their owners but only by trained men, and as a result the young man with brains can demand for his services the highest prices that commerce can pay. Never before have the opportunities for young men been so broad and promising as they are in American business life today.

Another contributing force in improving business morals that must not be underestimated is the progressive activity of chambers of commerce throughout the United States. These are organizations of business men designed to encourage cooperation in the development of their respective communities and to extend trade territories. You now find them in all wide-awake cities applying this ever-broadening influence in the cause of "better business." Through per-

sonal contact, I know something of the great work they are doing, and the leadership which is now afforded them through their affiliation with the Chamber of Commerce of the United States makes it now possible for them to consolidate their strength and work as a unit in obtaining a "square deal" for American business in Washington.

#### Now There Are Philanthropists

**W**ORTH mentioning, too, is the marked tendency of successful business men during recent years to give freely of their time and money to the cause of public welfare. Travel the country today and you will find most of the social welfare movements, in large and small cities alike, led by business men.

Consider a few examples like F. W. Ramsey, of Cleveland; E. A. Filene, of Boston; D. A. Brown, of Detroit; W. Volker, of Kansas City; Charles Taft, of Cincinnati; Julius Rosenwald, of Chicago; and Arthur D. Eddy, of Saginaw, Mich.

For many years these men have given invaluable service to the public by promoting and supporting public movements of lasting benefit to mankind, and they are only representative of thousands of other business men of equally high moral character.

The moral standards of business are always on the same level as the moral standards of business men, and I am one who believes that the moral standards of Ameri-

can business men were never so high as they are right now.

From every angle evidence appears that business standards are higher today than they were twenty-five years ago. The spirit of service is becoming more and more prominent in business life. The American business man of today reaches the heights only when his desire to serve is greater than his desire to make money. Atterbury of the Pennsylvania Railroad, Sproule of the Southern Pacific, Underwood of the Erie, and Crowley of the New York Central all rose to the presidency of their respective railroads from the ranks of clerks and laborers, not because of their desires to get rich but because of their high ideals and their abilities to do every job faithfully and well.

#### Honesty Has Proved Best

**T**HE HISTORY of American business is the history of the growth of high ideals, of men's faith in one another, until today practically all of our country's billions of dollars of business is done not by the exchange of money but by the exchange of little pieces of paper on which honest business men promise to pay. Honesty is now the only policy on which big business can be built.

The "good old days" of American business have been succeeded by the "better days" of the present, and out of this fertile soil will gradually grow the "best days" which are still to come.

## Go South, Young Man!

By R. R. ELLIS

*Vice-President, Chamber of Commerce of the United States, in charge of the Southern Central Division*

**W**E THINK of the old South as cavalier when, in many respects, it was more puritanical than New England. We think of the South's dominant white stock in terms of country gentlemen who despised machines, when in fact the original southern peoples were more "mechanical" than those north of the Mason and Dixon line.

"The number and skill of the artisans were such that in 1800 it seemed probable that the larger development would be into a frugal manufacturing rather than into an agricultural state," Holland Thompson wrote of North Carolina.

Only lately did the country accept the decree of circumstance that the South shall be foremost in the manufacture of cotton goods. Yet there is in the South a legend of cotton manufactures older than New England's and surviving mills almost as old.

#### Colonial Manufactories

**T**HE SOUTH'S legend of manufactures from iron is older and better authenticated by surviving relics than that of cotton textiles. Ruins of colonial foundries are in almost every community between Chesapeake Bay and the Chattahoochee River. George Washington owned a foundry and Thomas Jefferson an interest in one. All the machinery for one of the early cotton mills of the South was made—from ore to finished product—in that section. Iron manufacture was widespread in the South when Benjamin Franklin expressed doubt that "pit coal" ever would be discovered in Pennsylvania!

During the eighteenth century the South virtually led the country in manufacturing—

such as there was. As late as 1810, a federal census showed that the manufactured products of Virginia, the Carolinas and Georgia exceeded in value and variety those of New York and all New England.

The trend towards modern industry in the South was checked and reversed, curiously, by the invention of a machine, the cotton gin. It is one of the singular paradoxes of history that the changes brought about by the cotton gin came over the vigorous protest of those most affected.

"That we have cultivated cotton, cotton, cotton, and bought everything else has been long our opprobrium," declared the Augusta, Georgia, *Courier* in 1827. Even before, disasters to cotton crops had been hailed as blessings, showing, at the beginning of King Cotton's reign, an instinctive opposition that has lasted down to the present time, in the continued campaign for diversification.

But cotton moved onward, suppressing the spirit of industrialism, until, about 1840, crop failures, soil exhaustion and financial depression contributed to the urge towards manufactures and a varied commerce.

Railroad building flourished in the South, at the start, equally with its progress elsewhere. Southerners, like Gregg and DeBow, launched at the same time into manufacturing. The South's oldest cotton mill, at Graniteville, South Carolina, is a monument to the first, while the big iron and steel industry of the section may be traced in much part to the agitations of the last named.

Olmstead's story of the industrial poverty of the South in the fifties includes mention of 15,000 to 20,000 cotton spindles in operation at Columbus, Georgia, and, in addition,

a paper factory, a foundry, a cotton gin factory and a machine shop. Incidentally, during a recent celebration in that community, emphasis was put on the interesting fact that no factory enterprise there has known financial failure in sixty years.

The pre-Civil War revival was, however, so fragmentary, that a man speaking at a southern commercial convention at New Orleans in 1856, could truthfully say:

From the rattle with which the nurse tickled the ear of the child born in the South to the shroud that covers the cold form of the dead everything comes to us from the North.

#### Much in South Was Northern

**H**OW much more melancholy is the post-war picture sketched by Ben H. Hill and Henry W. Grady, who used to tell of a southern funeral at which everything except "mourners, the corpse and the hole in the ground" was made outside the South from material produced in the locality!

The Civil War—which, had it been delayed a few years longer, might have been avoided by the revived trend toward industry in the South—broke down old barriers and erected new, temporary, obstacles in the path of the South's progress toward a varied industrial life. The old barriers were slave labor and its enervating effect on free labor and initiative. The new obstacles were scarcity of capital, depletion of man power, and need for building a new social system quickly, which meant exclusive reliance upon the most immediately available resource—agriculture.

These obstacles began to disappear in 1880 when the old industrial urge, native to

the South, began to function freely for the first time. It achieved slowly but soundly. Since 1900, from which year the industrial South dates in volume and variety, it has achieved beyond the ratio for the country as a whole.

Between 1880 and 1923 the North doubled its number of cotton spindles, while the South's increased—from 500,000—thirty-two times. In 1870 the South sent to market 2,000,000,000 of the country's 11,000,000,000 board feet of lumber.

Now the South produces 17,000,000,000 of the country's 31,000,000,000. During the same period the capital invested in manufacturing enterprises increased 2,100 per cent in the South, compared with a 1,500 per cent increase for the country as a whole.

#### New Wealth

IN 1880 the value of all property in the South was \$9,000,000,000, today it is \$75,000,000,000. The table presents in miniature the picture for the first quarter of this century:

Per cent of increase, 1900-1925	
Southern States	United States
Population	42.8
Wealth	298.3
Manufactures	504.2
Minerals extraction	1060.4
Hydro-electric power	215
Farm products	243.6
Bank resources	711.5
Bank deposits	920.6
Value of exports	271.2
Railroad mileage	46.9
Not including the Muscle Shoals enterprise	
	29.5

The states included in the figures are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia.

In 1923 there were in these states, 37,347 manufacturing plants, each with an annual output worth \$5,000 or more—about a sixth of the entire country's manufactured output. Engaged in their operation were nearly 2,000,000 persons, to whom were paid more than one and a half billion dollars.

The value of the products was nine and a half billion dollars—approximately one-sixth of the value of all the country's manufactures.

Inquiry focuses on the central South, where cotton and tobacco and old tradi-



Sections of the South, such as this in western North Carolina, are rich in natural resources, plus waterpower.

tion prevail. Most of the states in that area are nearly abreast the country as a whole in volume of manufacturing, as shown by the 1920 census—the latest available figures:

	Rank in value of manufactured products	Rank as to population
Virginia	21	20
North Carolina	15	14
South Carolina	12	26
Georgia	21	12
Tennessee	25	19
Alabama	26	18
Louisiana	22	22

Yet the figures do not show a "New South," but a reconstituted and expanded South. Fully 90 per cent of the present inhabitants of the Old South are descendants of the colonials who were swayed toward a varied industry and commerce both by individual urge and by the impact of natural forces.

#### Cotton Is Staying South

THE FORCE of the latter is illustrated by the decided drift of cotton manufacturing to the South. Superficially it would appear that this is due to the adjacency of the cotton fields. That factor, however, is a small one. Cotton costs southern mills practically as much as it costs those in New England. More thorough examination shows that lower labor costs in the South are the most effective factors in the change. This is accounted for chiefly by natural conditions, which make possible a lower wage level

through lower living costs, thus evening up the wages of the two sections.

Cotton textiles, vast as they are, constitute only about one-third of the South's manufactures, which now range almost the entire scale of fabrication.

#### Growing Trees

SOUTHERN lumber production leads southern cotton textiles in value. The future of the forest products industries in the South is lighted by the fact that trees grow there two or three times as fast as in the old lumbering areas of the North.

This one of nature's gifts to the South promises to make that region as dominant some day in the making of wood pulp and its products as the section is now in cotton goods. In 1925 sixty-six pulp and paper mills were operating in southern territory, where the lead has been taken in one prime branch of that big industry.

This is the sulphate pulp and kraft or wrapping paper branch. New processes that have passed the laboratory stages promise to make unlimited forests of southern hardwoods, like the Tupelo gum, and even the southern yellow pine available for making newsprint paper.

This forecasts national independence of foreign sources for paper to feed our printing presses; for the southern woods can be grown to pulp size in from fourteen to twenty years on probably 100,000,000 acres of land needed for little else.

Manufacture of book paper in southern mills has grown to the point where an allied industry, which has been non-existent there, begins to take root. This is book publishing now on a quantity production scale in one southern instance—at Kingsport, Tennessee.

Nature's pull, facilitated by an enterprise not always credited to native southerners, is drawing another big industry South. This is furniture making, now represented by 484 establishments in that section, with the center of second rank in the country—High Point, North Carolina.

The comparatively new rayon industry is showing a like tendency, evidenced by a \$15,000,000 plant now being completed at Johnson City, Tennessee.

Advance of the cigarette is accelerating the concentrating of the tobacco products industry in North Carolina and Virginia, while Tampa's grip on Havana cigar making



This Carolina water-mill has long since done its bit; and now only contributes picturesqueness to the landscape.



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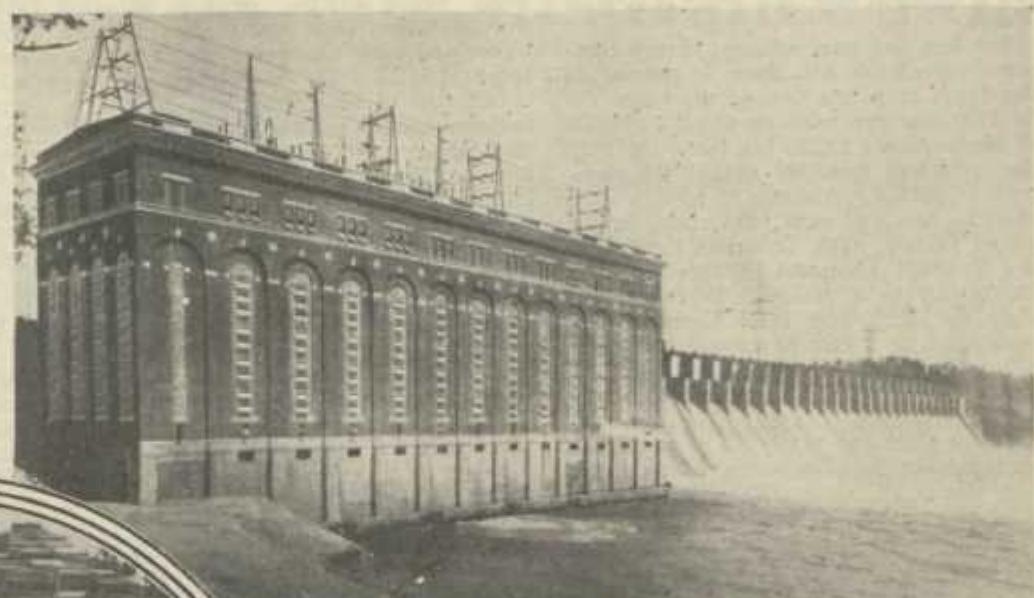
Cotton is still hand picked, but is no longer king of the entire South.  
Left: A Dixie darkey at the old school, very much at home

© SWING GALLOWAY N. Y.



A Georgia turpentine still, one of the last of its kind.

And  
The  
New

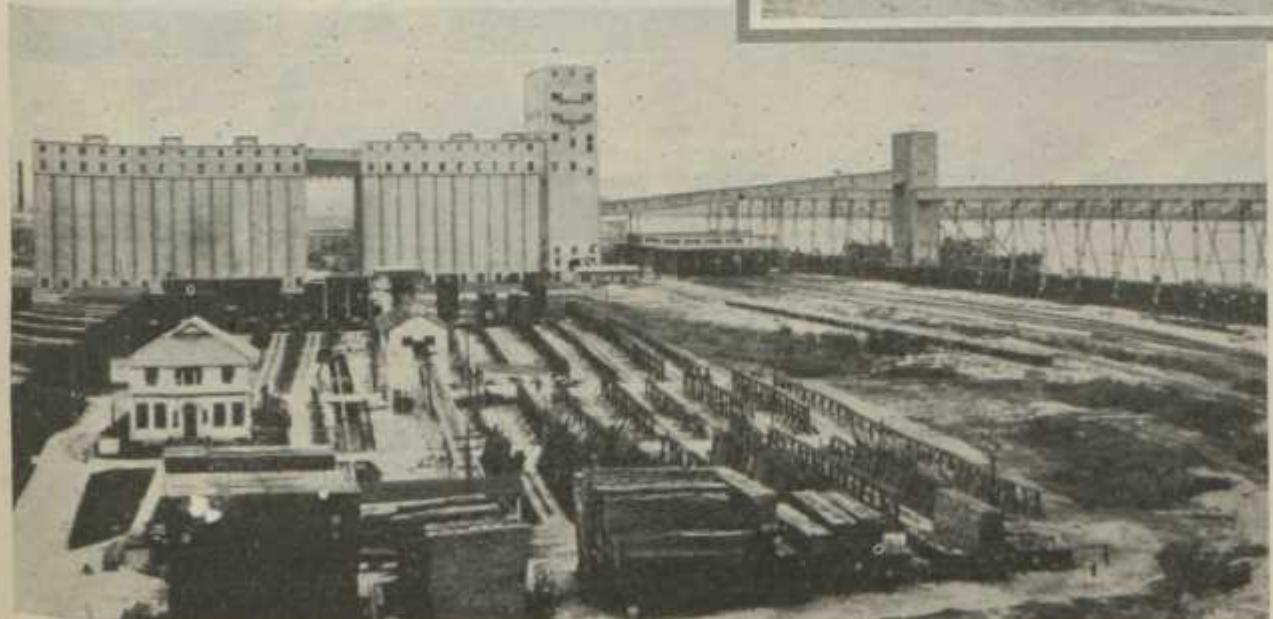


The mill-race of yesterday is being replaced by such power stations as this, at Coosa, Ala.



Lumber adds to the wealth of the New South immeasurably. Right: Waiting for an auction in a Lexington, Ky., tobacco warehouse.

PHOTO © ERING GALLIVAN, N. Y.



New grain elevators at New Orleans add to the prestige of that ancient city

continues to give expansion to the Florida city's industrial pay roll, now \$1,000,000 a week.

The iron and steel industry, though comparatively an old one there, is growing in the South at a rate beyond the country's. In 1900 southern mills produced 2,642,720 of the country's 13,789,242 tons. In 1925 they produced 4,468,517, against the country's 36,700,000. Alabama is now in third place in iron and steel production, having passed Illinois. The Tennessee Coal, Iron and Railroad Company has been putting \$10,000,000 to \$15,000,000 in expansions, while the Bethlehem Steel Company has established, at a cost of around \$100,000,000, probably the world's biggest steel and ship-building plant at Sparrows Point, Maryland.

Thirty years ago nearly all of the country's sulphur supplies came from Sicily. Now nearly all, some 20,000 tons a year, come out of the South. The country likewise depends on the South for all or most of its domestic supplies of asbestos, barytes, bauxite, fuller's earth, elemite, mica, carbon black, phosphate rock and zircon. Fifty per cent of the country's petroleum and 62 per cent of its natural gas are produced in the South. And the section's supplies of coal, distributed throughout its Appalachian region are figuring more and more hugely in the country's fuel life. Production has grown from 54,000,000 tons in 1900 to more than 200,000,000 tons a year.

#### Great Power Resources

THE SECTION has a preponderance of the water power in the eastern half of the United States and its exceptional availability already has led to the development of near one-half the primary yield. Most of this has been pooled, with other power, in a super-power system.

Add to the foregoing the fact that some three-fourths of the country's navigable streams flow through or are confined to the South.

"Kick over a barrel of flour at Minneapolis and it will roll down hill to New Orleans," said James J. Hill.

Variety of soil and climate give the South predominance over domestic supplies of cot-

ton, sugar cane, peanuts, cowpeas, naval stores, sweet potatoes, sorghum, tobacco, rice and broom corn, with many fruits and winter and early spring vegetables in addition.

Diffusion of nature's favors there have tended towards a realization of an industrial ideal whose worth has only lately been perceived. Manufacturing in the South has location largely in rural haunts, thus simplifying problems of transportation, reducing living costs and giving to the worker an expanded life not possible in centers of industrial congestion. Even the cotton textile industry is static in those cities where it began, and still prospers. The iron and steel plants of Alabama are so distributed as to make Birmingham the Pittsburgh of the South, minus smoke.

Yet southern cities grow, as they should, in size and prosperity. Approximately \$200,000,000 was invested in hotels in that section last year—\$45,000,000 of it in Florida as compared with \$35,000,000 similarly invested in California. Permits issued in 184 southern cities and towns envisaged \$939,000,000 worth of building construction in 1925.

The South's status in general commerce finds striking illustration in the fact that 38 per cent of the country's

Rich in resources, the New South has adequate transportation facilities to its efficient ports. Right: A Kentucky coalery. Below: A section of the port of Mobile.

PHOTO © SWINN HALLOWAY, N. Y.

exports originate in that section. Out of the Norfolk district now goes more tonnage than out of Philadelphia and San Francisco; out of the Galveston district more than from all Pacific coast ports; out of Savannah more than out of Boston; and out of and into New Orleans enough even now to make that port a rival of New York.

"The greatest migration of all time is now turning towards the South," Secretary Herbert Hoover of the United States Department of Commerce is quoted as saying.

#### South Comes Into Its Own

WHAT is now happening in the South is what was predicted virtually from the beginning, and it is rooted in more than the surface soil of events. Abram S. Hewitt, following Edward Atkinson and others, said many years ago:

"Every element for success exists in the South—in raw materials, in climate, in all the forces of nature."

And it is a foreordained success which is now being achieved. The South is but coming into its own.



# Things That Vex Fire Insurance Folk

By SIDNEY R. KENNEDY

President, Buffalo Insurance Company, Buffalo, New York

**A**LMOST anything worth owning is worth insuring against loss or damage by fire. If you are a prudent man you will carry fire insurance on everything of consequence which you own. And if your policy expires without your having collected a loss upon it, you may be inclined to feel that you have been mulcted of the entire premium, or at least, that whatever the company charged you was grossly excessive. In short, you probably regard a fire insurance company as a mysterious institution to which you periodically pay money but from which you do not remember ever to have received a cent in return.

Moreover, if in your dissatisfaction you should ask several competing agents to quote rates on your property, each one would presumably name an identical rate. You might consequently conclude that the insurance companies constitute an ironclad trust, and you might infer that they were taking advantage of that condition to charge all the traffic would bear.

As a matter of fact the various agents to whom you applied had no discretion in fixing the price of insurance. Nevertheless you need not feel that your interests have been neglected. In each state of the Union insurance companies are strictly supervised by a state official with almost plenary powers. And the tendency of rates is downwards. In 1913 the average rate was \$1.04—today it is 57 cents. Unlike nearly every other necessity, your dollar will buy you more fire insurance now than before the World War.

These state superintendents of insurance, through an organization of their own, have decided that rates should be such as to permit the companies a normal underwriting profit of five per cent and an additional profit of three per cent to accumulate as a reserve against such catastrophes as the San Francisco and Baltimore conflagrations. Such catastrophes are certain to recur, although no one can predict when or where. Smyrna and Tokio have more or less recently burned, and the next United States major conflagration is considerably overdue.

## Possible Earnings Not Realized

**I**N VERY much the same situation as the railroads, fire insurance companies as a whole have never been able to reach the profit fixed as reasonable by the state insurance commissioners. In fact, over a term of years many of the leading companies have made no underwriting profit at all. Whatever you pay, you may console yourself with the reflection that the insurance company's losses and expenses will on the average just about equal if not exceed your premium.

It would, moreover, be emphatically to

**W**E HAVE heard a lot about what government does to restrict the earnings of railroads and other industries, but not so much about the activities of state supervision of insurance. Underwriters are not permitted to make more than five per cent, says Mr. Kennedy, plus a small additional reserve for unusual catastrophes.

Maybe you feel that fire insurance premiums are a total loss, when all is said and done,—money paid out with no return to you. Yet the underwriters make but little on your premiums. If all underwriting was done at a loss, you would be the one to suffer. Your dollar for fire insurance will buy more than it would before the war.

Mr. Kennedy brings out that taxation of insurance companies was first advocated on the ground that the companies should pay the cost of state supervision of insurance practice.

As Mr. Kennedy shows, the life can be choked out of a fire insurance company by legislation, when it is used as a political football.

Without interference, the policyholder would make his own premium rate. That, says Mr. Kennedy, is the best way.

—The Editor.

your disadvantage should rates be forced down so low that the insurance companies would continue in the aggregate to lose money. You would not gain by dealing with an impoverished company that could not pay your loss in full.

Rates are, therefore, based on the belief that it is desirable that the insurance companies be kept at least moderately solvent. Even the closest buyers of insurance indemnity and even the most radical state superintendents of insurance, obsessed with the zeal of trust-busters, hardly dispute this principle.

## The Problem of Rates

**W**ITH every desire and endeavor to charge a premium that will produce an eight per cent underwriting profit, the hardest problem in the fire insurance business is to make rates to obtain that result.

Nearly every risk of consequence or out of the ordinary is now rated by schedule. Starting with the base rate of a standard building of a given class, every unfavorable feature of construction, protection, occupancy and exposure is penalized and every favorable one rewarded.

In the final analysis you make your own rate: the rating authorities merely apply their schedules in an honest and increasingly expert attempt to measure the hazards for most of which you are responsible.

Fire insurance companies, of course, make profits, but these profits are derived not from the insurance business but almost entirely from investment income.

Every company at its inception must have a certain cash capital paid in by stockholders. Most of this, like subsequently acquired funds, is put to work by investment in stocks, bonds, mortgages or real estate. The company's surplus is also available for investment. This is contributed in part by the stockholders and in part earned during the company's operations. The best managed companies pay out only a part of their investment earnings in dividends, and annually add the remainder, together with the underwriting profits, if any, to surplus.

Some of the interest earnings come from the investment of what is called the un-

earned premium reserve. Suppose you decide to insure your dwelling for five years at a premium of one hundred dollars. To provide for the settlement of inevitable losses or to pay you back a part of your money in case you decide to cancel the policy, the company is obliged by law to set aside for your policy a reserve of ninety dollars, which is carried on its books as a liability with gradual decreases until the policy has expired and the premium is

earned. By that time losses and expenses have almost exactly equalled—and may have exceeded—the hundred dollar premium, but the company has had the advantage of interest earnings on whatever part of the money you paid it has been able to keep until the losses and expenses consumed it.

The average man's regret at not being able to get out of his insurance policy something more tangible than a sense of security is tempered by the belief that if he incurred a loss he would not be fully compensated for it. Almost invariably without experience in determining the cash value of his possessions and the monetary amount of damage done to them by fire, smoke and water, he faces what he thinks will be an unsuccessful duel with the company's adjuster. As a matter of fact the company desires to treat him fairly, and if he is skeptical, he can hire a public adjuster just as capable as the company's representative.

Trouble in adjustments often arises because of the policyholder's believing that when fire consumes his automobile or piano or overcoat, the insurance company should pay him enough to buy a new one. It is hard to convince him that the fire insurance company is not an Aladdin providing new lamps for old, and that the limit of his loss is the actual cash value of the article destroyed at the time of its destruction.

## What's What in a Policy

**S**UPPOSE he has purchased a new automobile for fifteen hundred dollars and insured it for an equal amount. If it burns within a very short time after he has purchased it, he will probably have little difficulty in collecting the fifteen hundred dollars from his insurance company, but it must be remembered that after he has driven it six months its value has considerably depreciated because it has become a used car, and its cash value is reduced to that basis.

He certainly could not sell it for fifteen hundred dollars, while on the other hand he could purchase a good second-hand car of the same model for materially less. He should not forget that the company has the option of replacing the destroyed property with similar property instead of paying for

it, and can carry out its contract by tendering him one of these used cars, although this option is infrequently exercised.

Then, too, he often argues that because he has a policy for fifteen hundred dollars and the company has accepted the premium on that sum, he ought to receive fifteen hundred dollars, irrespective of the actual value of his car, if it is totally destroyed.

#### A Policy Is Not a Wager

**H**E FORGETS that an insurance policy is not a wager but a contract of indemnity. The company did not bet him fifteen hundred dollars that his car would not burn; it merely contracted to indemnify him or reimburse him for any loss he might sustain up to that sum as a maximum of its liability.

Some states have encouraged a sporting spirit in insurance through so-called "valued policy" laws. These laws provide that the value of the property shall be stated in the policy, and an adjustment is based on that statement and not on the actual cash value.

As an encouragement for dishonest fires such laws leave little to be desired. Under them insurance companies are almost helpless.

No company could possibly meet the cost of investigating the value of every property it insured so as to keep the amount of insurance below the value of the property.

#### Valued Policies

**V**ALUED policy laws not only compel companies to pay dishonest and excessive claims, but they penalize honest property owners by compelling the companies to charge higher rates in valued policy law states to meet these moral hazard losses. After all, a state must produce enough premiums to pay its losses and expenses, and the honest must therefore contribute toward meeting the losses of the dishonest who are tempted to burn by the knowledge that they will receive from the insurance companies more than their property is actually worth.

The point may be raised that instead of increased rates the proper solution would be the reduction of losses by the more vigorous enforcement of the laws against arson and the imposition of more severe penalties. Convictions for arson already carry drastic penalties under existing statutes. In some states to set fire to a building in which there are human beings is punishable by death.

In fact the present penalties are so severe that juries hesitate to convict and subject a defendant to them, especially on circumstantial evidence. It must be remembered that in a prosecution for arson the evidence is almost always purely cir-

cumstantial. The crime of burning one's store or factory is one a man rarely commits in the presence of an unfriendly witness.

Then, too, if a man is indicted and tried for arson, the jury is apt to believe that although the district attorney is conducting the prosecution, the case is really that of the insurance company against the defendant—sometimes the district attorney himself conveys this impression—and when the issue is joined between a rich corporation trying to avoid the payment of a loss and a poor defendant fighting to avert a long term of years in state's prison, convictions are not numerous.

In an arson prosecution the insurance company must, if only in its own interest, remain very much in the background. A fire insurance company has no more right or obligation to help conduct or support a prosecution for arson than a life insurance company one for murder.

The evolution of the public adjuster has

increased the number of moral hazard fires. Skilful and unscrupulous public adjusters, who are frequently paid a percentage of whatever they can collect from the company, not only try to exaggerate the damage from an accidental fire so as to make it highly profitable to their client, but they put him in a frame of mind that welcomes rather than fears a second fire. Further than this it is certain, although not susceptible of legal proof, that not a few public adjusters make business for themselves by arranging with dishonest assureds the details of their exorbitant claims before the fire occurs.

#### Where Losses Creep In

**A**NOTHER factor which increases the loss waste is the habitual overpayment of small losses. When a small loss is incurred, the company does not ordinarily send a loss man to adjust it but permits it to be settled by the agent who wrote the policy. The agent exercises a dual capacity: he is a purchaser of insurance on behalf of the property owner and a seller of insurance on behalf of the company. When, however, he comes to adjust a loss, he is apt to overlook entirely the company's interest and endeavor only to satisfy his customer. This is equivalent to saying that for any small loss the assured can get exactly what he demands. This tends to create a positive moral hazard, for a man who has collected fifty dollars for damage in his home to an overcoat not worth more than half that sum, is encouraged to repeat such a gratifying transaction on a larger scale in his store or factory.

#### Taxes Increase

**T**Axes on insurance companies have been of late years increasingly burdensome. That fire insurance companies should be taxed at all is debatable. Originally a state insurance tax was based on the theory that it should produce enough revenue to maintain the state's insurance department to supervise the companies' operations. But with the growth of some of these departments into critical and inquisitorial bureaus—in many states deemed remarkably attractive berths for hack politicians—the revenues produced by the taxes have run many times beyond the departmental expenses. The balance sometimes is used to pay pensions to retired firemen and for other supposedly appropriate specific purposes, and when no specific purpose presents itself it is turned into the general treasury.

In addition to the state taxes there are federal taxes and in some states a myriad of municipal taxes



A fire in a loft—building in down-town New York. A heavy percentage of those fires are criminal attempts to cash in on insurance.



Desolation! Mr. Kennedy says the next great conflagration in the United States is considerably overdue. It may be Yourtown

assessed against the companies for the privilege of doing business—frequently at a loss.

Insurance companies present a shining mark for legislators whose principal ability lies in "soaking the corporations."

In the final analysis the amount of the tax must be added to the normal premium to permit the company to endeavor to make its fair profit. This means that those provident citizens who insure their property are taxed for the benefit of the improvident. If provident property owners more clearly understood this, there would be fewer and lighter federal, state and municipal taxes on insurance companies.

Aside from the steady and increasing drain on the insurance companies from taxes often unfairly imposed, they have occasionally to meet demands from state authorities for colossal sums. These are usually in the form of fines for alleged violations of laws—generally "anti-trust" laws. If each company is limited to a certain fixed underwriting profit, it naturally follows that in order to make that profit all companies must charge the same rates.

#### Petty Politics Plays a Part

NEVERTHELESS, when a state insurance commissioner with hope of political promotion or an aspiring politician with an excessive zeal for self-advertising makes the surprising discovery that the companies are actually charging identical rates, he has his easily obtained ephemeral publicity in his vigorous attack on the "wicked fire insurance trust" which is robbing the people of his state. He usually calls attention to the companies' premiums, their losses, subtracts one from the other, and considers the difference clear profit.

If the companies could operate without paying commissions to their agents, rent for

their offices, salaries to their officers and employes, traveling expenses for their field men, engineers and adjusters, stationery and supply bills, taxes to federal, state and municipal governments, and occasionally a modest dividend to their stockholders, these champions of wronged property owners would have a better case, but unfortunately all these enumerated expenses and others besides must be paid out of the difference between premiums and losses.

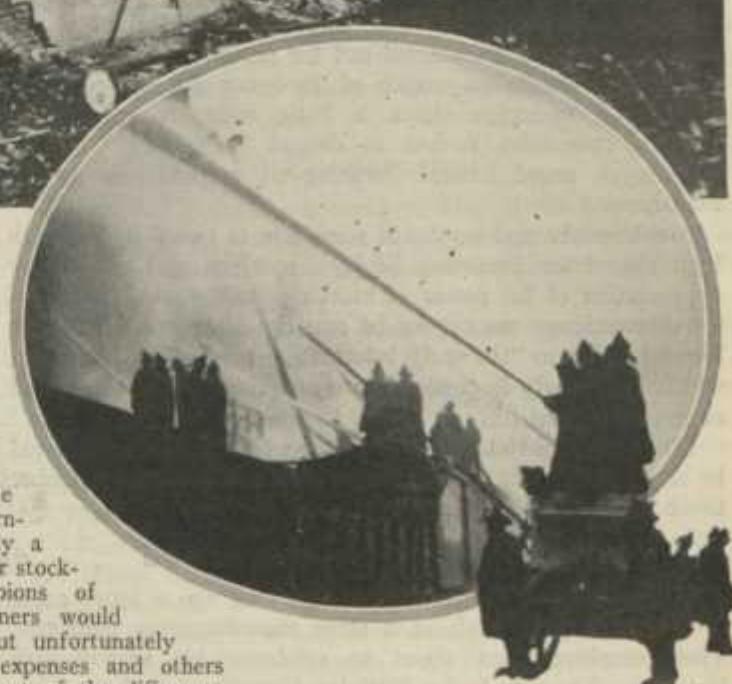
These huge fines that demagogues sometimes succeed in imposing are never paid—they cannot be paid for they sometimes exceed the average company's entire assets—but they always result in expensive and protracted litigation.

#### Some Move Away Disgusted

ON SEVERAL occasions companies have been obliged to take joint action in the protection of their interests by retiring from a state until fair treatment is assured. As a result, during the period of their withdrawal property owners in that state experience difficulty in obtaining enough reliable insurance, and by the laws of supply and demand, they invariably pay higher rates for inferior indemnity.

Perhaps it is because fire insurance companies derive little or no profit from their underwriting—even the best of them—that the general level of salaries paid to officers and employes is modest.

In the insurance business the big money is made by the leading brokers, who act for the property owner in obtaining the latter's coverage; then by the companies' agents,



who are often brokers as well and make double commissions from their dual capacity.

#### Little Chance for Great Gain

THE OFFICERS and underwriters, field men, engineers and other company employes, receive as a rule a fairly good living in relation to their industry and intelligence, but to men of conspicuous ability who have an especial desire to acquire wealth, a fire insurance company holds out little promise. And yet such is the interest—almost fascination—in the business that those who choose to follow it or who are thrown by chance upon its path hardly ever leave it to take up more remunerative occupations.

The public, it seems, is slowly coming to realize that the corporate life of the underwriting firm is not one long sweet song. There is an ever-present contest to be faced with selfish and misguided legislation on the one hand, and rather sluggish public opinion on the other.

Contrary to popular belief, the size and evident complication of an underwriting institution has very little to do with the percentage of profit earned.

# NATION'S BUSINESS

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MERLE THORPE, Editor

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## The Professor Is at It Again

PROF. WILLIAM ZEBINA RIPLEY, who teaches political economy to the youth of Harvard, has stirred the business world again. Some months ago he called attention in *The Atlantic Monthly* to the evils, or the potential evils, of non-voting stock. In the September issue of the same interesting and enterprising magazine he cries aloud against corporation reports which do not report.

Professor Ripley doesn't hesitate to speak out in meeting. Corporations which make no report and corporations which make reports that serve only to muddle the stockholder are called by name.

Equally, corporations which approach the ideal of clarity and completeness are singled out for praise.

Business has taken notice of Professor Ripley's charges. The stock exchange shook a little when it read them. Various companies rushed to defend themselves. Samuel Untermyer urged federal licensing of corporations as the remedy.

Much smoke and no doubt some fire to cause it, but with high regard for Professor Ripley's opinions and with every appreciation of his power of awaking business to a sense of its shortcomings, we cannot be entirely discouraged when he himself refers to "the truly informative type of official report which fortunately is coming more and more to be recognized as not only good form but good business as well."

Much remains to be done, and it is well that business should be reminded of things undone, yet it is well also to remember those words, "more and more."

## Good-will Paying a Dividend

GOOD-WILL is worth while. Not long ago a letter came from a girls' club in a large manufacturing company. Their employer was about to celebrate his seventy-fifth birthday. The girls had a Birthday Committee, and the committee decided that nothing would please the employer more than the biggest August that the company had ever known. The committee wrote to the firm's customers explaining the proposition.

One paragraph reads:

If your dealings with him have been pleasant, if he has always sent you good products, maybe you will feel like sending in an order right away, to help us give him such a birthday as will gratify his honest old heart, for he's a fine man to work for, and we are very fond of him.

One of the secrets of this man's success is the good-will of his employees.

## What Does Europe Think of Us?

AMERICANS do not seem to be popular in certain of the countries of Europe. And this unpopularity centers principally in the two great countries whose soldiers less than ten years ago fought side by side with our soldiers in the greatest war in history.

The popular reason in France seems to be that the United States demands a settlement of our international debt. This, they say, is the cause of the drop of the franc and the terrible

condition of French finances. It is seven years since the treaty of Versailles and during those seven years France has not paid us either one cent of interest or principle. Nor during that seven years has France balanced her budget, and during that seven years the franc has declined.

It is interesting to speculate just what difference to French finances the signing of any agreement with France would make. Many students believe that the funding of the French debt would do much towards establishing French credit.

One surmise must force itself into the thoughts of any student of these past six years—isn't France bankrupt of statesmanship and hasn't this anti-Americanism been a most excellent expedient for the French politician to foment for the purpose of keeping the public from realizing the shortcomings of their own leaders—an excellent "red herring" across the trail of political incompetence.

More recently it seems that a group of British politicians have scented political gain in attempting to turn the public in England towards Yankee-baiting.

The spirits of those statesmen of England who carried that country through the past 150 years of every sort of crisis; who built—over many obstacles on both sides of the Atlantic—a hundred years of peace and increasing good feeling, must feel a sense of futility when a small group can and does undo a great part of their work by arousing national prejudice for their own personal political gain.

## Let's Ban the Word "Support"

DO YOU "support" your chamber of commerce or your trade association? If so, don't do it!

Which may seem strange advice from a magazine which has fought from the day of its foundation for organized business, which has stood for the right of industry to get together for the common good.

But a chamber of commerce or a trade association ought not to be thought of as asking support, but rather as offering "for value received" services which can be had in no other way.

The man who pays his taxes isn't supporting his town. He's paying for protection from fire, for street paving, for schools, for the dozens of other things that well-organized communities provide. We deal with the corner grocer; we don't support him. We buy his potatoes and canned corn and are willing to pay for them.

So, too, with a business organization. It has something to sell, services that can be bought nowhere else. A member who feels that he is getting his money's worth is a good member to have.

## Fair Taxes for Our Forests

JUST taxation is one of the means of preserving our present supply of forest products. Five states, Washington, California, Minnesota, Wisconsin, and Louisiana, will vote in November on Constitutional amendments to permit taxing forests equitably and scientifically. This usually takes the form of a "yield tax."

If the growing of crops of trees could be put on a sound business basis, the nation could face its forestry problem with confidence. Forty per cent of the nation's original forests remain standing as a reserve. In addition, there are millions of acres, most of them cut-over forest lands, capable of producing forests. The core of our forestry problem is to get these millions of acres at work producing forests at as early a date as possible. To set private enterprise to work on these millions of acres taxation must be fair.

The general property tax provided for in most state constitutions is levied each year. When this is applied to forests, it piles up a burden, year by year, draining the owners' re-

sources during the long non-income-producing periods, forcing the premature cutting of timber without regard to market conditions, and discouraging the cultivation and growing of a second crop. The "yield tax" would collect the bulk of the tax when the timber is ready to be harvested.

"Yield taxes" are not concessions to the timber owners but a method of collecting the tax when the income can be derived. This principle is applied in some states to unproductive orchards and vineyards which are not taxed until they reach the producing stage. A forest, after all, is only a long-lived agricultural crop. If the farmer were obliged to pay a tax every day on his growing wheat crop, it would be analogous to the ordinary system of taxing forests.

Our forests can be renewed, thereby differing from other natural resources such as coal, iron, oil, etc., but before we can have an extensive industry engaged in the process of forest renewal, the risks and discouragements of this long-time investment must be minimized. The public which insists that it must have an ample future supply of wood products must also insist that those engaged in providing that supply are not discriminated against. A few states, notably New York and Michigan, have blazed the trail in the matter of fair taxation, and it is hoped that others will follow their lead.

### The Banker's Duty to the Community

PROF. ENGLUND'S article in this issue of the NATION'S BUSINESS on "The Bank's Part in the Farmer's Trouble" brings out clearly a new aspect of the agricultural situation—not only in the corn belt but throughout the country—the responsibility of the bank to the borrower.

The responsibility of the bank to its depositors, stockholders and those whose money it lends is clear. But the responsibility of the bank to the borrower looking not only at the future welfare of the borrower but also at the future welfare of the community is not so clearly recognized.

In times of prosperity and easy money, the careful, experienced and conservative banker who has been the backbone of the solid growth of this country loses much of his influence to check unsound inflation.

The inexperienced banker and the new banks founded in times of plenty, looking primarily to easy profits and not to community welfare nor to the ultimate good of the borrower are contributors to periods of inflation. There is great pressure, by would-be borrowers, who have been unable to secure loans from the careful bankers, for the formation of new banks.

The situation is not new—it merely has again been brought into high relief by Prof. Englund.

For the benefit of the community, for the protection of proper banking and of the able bankers—most of whom have successfully ridden the great wave of agricultural depression in the Middle West—we should recognize and encourage the banker who recognizes his responsibility to the community—and his great responsibility to the borrower.

### Put Something Back!

THE UNHAPPY young man seated himself next to an elder statesman of business, a man who had had large experience in building up a successful sales force.

Said the sulky young man:

"I'm about through. I've been on the road seven years, and I don't see any chance of making more money, and I'm delivering the goods, too. This is dead territory, but I've been getting orders just the same."

"What do you sell?" asked the older man.

"Tires, and they're good tires, too. I can't kick on the quality. What gets me is that there's no chance of making more money. I could go right on selling tires the rest of my life and be just where I am now."

"I know how you feel," was the answer. "I've been through it myself. But did you ever think of another side of it? Have you ever given the sales manager at the factory any help? Or the district manager at the branch office any help? Do you expect it all one way? Have you ever sat down and written to tell what obstacles you have met and how you have overcome them; what were the best selling points and what the weakest you'd found; what you thought of the advertising and the literature your company gets out? Have you ever, in short, thought of putting something into the pool from which you expect constantly to draw?"

The young man hadn't, he admitted; and his adviser went on:

"Try it. You'll be surprised how much good it will do you and how much it will help."

### Good Advice for Business

THE REPORT of the Federal Trade Commission on the Grain Trade startled us with this phrase:

"The exchanges themselves, as guardians of the correct functioning and serviceability of the market, ought to effect the necessary improvement."

There is no suggestion that a law ought to be passed, appropriations made, and offices created. They do say that public opinion ought to get behind the broader visioned men in the trade and help them put through the remedies for the existing abuses.

Again a chance for business to show that it can regulate itself for the public good.

### Cooperation

A DOZEN years ago a representative of the United States Chamber of Commerce called on a railroad president in Chicago to arouse his interest in, and to solicit his aid for, the then young institution.

The railroad president, a leader in the transportation field, whirled in his chair and said:

"Your organization is a federation of Chambers of Commerce, as I understand it? Why should I work with, or for, a pack whose chief cry is, 'Bait the railroads,' who in every community are fighting the railroads?"

The answer was:

"That's what we're trying to prevent. The National Chamber brings together men of every industry to consider their joint problems."

How well that task has been accomplished has been written in the history of the Chamber. At its transportation conference there sat down together not alone railroad presidents but manufacturers, farmers, lawyers, insurance men, representatives of a dozen lines of industry.

Perhaps, too, the National Chamber has helped to bring about a better feeling between local Chambers and the railroads that serve their communities. The Wilmington, North Carolina, Chamber helps us believe that this feeling exists by sending us a clipping from *The News Dispatch* in which this occurs:

"'Getting to know the railroads and working with and for them instead of against them, is the best thing we have ever done,' declares a director in the Chamber of Commerce of one of the first cities of the southeast to adopt this constructive program. 'We get infinitely better results than in the old days when every man's hand was against the roads. Whenever any matter comes up we have a frank and friendly talk about it with the railroad officials; and even if we can't agree, we never start a controversy. We merely continue consideration of the matter until we arrive at some satisfactory compromise. We have proved to the railroads that we are fair-minded and friendly, and they have proved their willingness to meet us more than half way. None of us would think of going back to the old railroad baiting days!'"

# Where Is Merchandising Headed?

By A. LINCOLN FILENE

Treasurer, Wm. Filene's Sons Co., Boston

**F**EW MEN, even the leaders of men, look far ahead. Talk about distribution, or problems which affect every man, woman and child, is for the most part talk of this year or perhaps the next, not talk of 1926.

Yet every generation pays for the mistakes of the generations that have gone before it.

Our forefathers left us along with the rest of our inheritance the results of their economic systems. Some of these results



are unpleasant and are causing us great concern today.

If then, as the outcome of the present discussion of distribution, we undertake to improve the commercial highway from the producer to the consumer, we ought, in justice to posterity, to bear in mind future consequences as well as present needs. This does not mean any fantastic attempt to bring on the millennium within a year or two. It simply means that if we are to solve our problems by constructive and permanently helpful treatment we must look ahead as well as around us.

## Goat Hunting

THE high cost of distribution is a phrase which has been used in all economic discussions for years and is one everybody repeats parrot-like. Perhaps the most conspicuous thing about this phrase, however, is the common ignorance as to its meaning.

People have clamored for an open season when they might go gunning for the producer or manufacturer or wholesaler or retailer as the spirit moved them. And these attacks have too frequently been made as if one or the other of these groups in the system of distribution were causing all or each a large part of the trouble. No single one of them is entirely blameless or entirely to blame.

If I were to single out one cause of economic waste in distribution of more importance than any other I should award that bad preeminence to a lack of understanding between the different groups concerned with distribution. If this be true, the most hopeful method of preventing distribution wastes

Seasonal pursuits—like farming—necessarily have slack seasons.

Illustrations by  
George E. Hausmann

is to bring about a wider education of all elements of society as to their relations with other groups. This means an effort to establish a continuous chain of intimate contact between educated leaders of all groups from producer to consumer. From such efforts I would confidently expect wiser buying, wiser using of the good things of life and better living.

If we are to approach this problem of distribution in a calm mood we must first cease railing about the so-called modern tendencies in the consumer. No good can come from indiscriminate criticisms of taste as manifested by the buying public. If such taste is bad or of a low order it reflects upon our educational system, and upon the lack of co-ordination of efforts between manufacturers and distributors.

It may be possible to diminish slowly by education the demand for cheap tawdry goods. The manufacture and use of such goods means enormous economic loss. But the remedy for poor taste is not to be found in railing about the artistic sense of others but in more effective educational efforts.

## Intelligent Consumption

IN THE solution of the problem forced upon us by the poor taste of a portion of the buying public we must bring together our schools, colleges, art museums, leaders of art and retailers as well as manufacturers. When brought into practical teamwork these combined forces ought to help in improving the demand for better and more artistic goods.

Moreover, during this process the consumer may be taught to discriminate more



keenly between reliable and unreliable dealers and between truthful and misleading advertisements. The consumer cannot hope to find complete protection in such matters from mere legislation. Laws and still more laws may require government inspection and certification of quality and truth in advertising without furnishing the kind of protection which the consumer really needs. For the more the consumer leans upon such legislative helps and buys without exercising his own judgment the more helpless he becomes.

The consumer cannot expect that any machinery will protect him against the frauds unless he knows about food, clothes, furniture, hardware, and other commodities which he may use.

## There's No Panacea

IT IS the business of the salesman to sell his goods. Salesmen are not less ethical than other classes of humanity but we easily see that they will not put forth a special effort to protect the buyer unless the buyer shows that he can distinguish between good and poor products.

Such a system of education in the wiser use of the goods daily consumed will result in a tremendous reduction in waste due to inferior material.

But we must always bear in mind that there is no one easy remedy for all the ills connected with distribution. Some good may come from the over-emphasis or even exaggeration of the value of one remedy, provided such over-statement is necessary to get the remedy considered at all. But in the formulation of a complete remedy we must not rely too much on one thing.

## Evils Over-stressed

FOR example, mass production is a good thing in itself and has come to serve its purpose in many lines of manufacture and to be a helpful means of meeting the present situation. Mass production is a modern necessity. The same may be said of mass distribution. These two processes are among the foundation stones of the present chain-store systems and are still serving their purpose. But no good can come from over-emphasizing mass production as a universal remedy.

The evils of hand-to-mouth buying may easily be overestimated. If the manufacturer, distributor and consumer understand one another thoroughly, hand-to-mouth buying may be wise, satisfactory and economically sound. It is not impossible for a manufacturer to ascertain the probable demand for his goods so accurately as to be able to make delivery in smaller quantities to meet the actual needs of the distributors.

And this system of delivery, if rightly gauged, may be more satisfactory to both manufacturer and distributor. In any

event, the successful operation of either hand-to-mouth orders or mass orders depends in the long run on whether there is an intimate contact between the manufacturers and the distributors.

In this connection an enormous social loss has attended the lack of cooperation between different trades in the matter of employment. Seasonal trades necessarily have slack seasons but it is advantageous for both employer and employee to maintain their connection with each other and thus to make use of their skill and understanding. But if such a plan is to be realized, employment at some work must be found in the slack season within easy reach so that the men may alternate between these two or more kinds of work.

A closer cooperation between seasonal trades is necessary to prevent such great waste of human effort. This again means better education of the public in the essential facts of the situation. In other words, we have here another argument for tying education more closely to the business of life.

#### Service Demand Growing

ANOTHER phase of our distribution problem which has often received more unpleasant publicity than it deserves is the cost of service. Unquestionably the consuming public is demanding more and more service. And this service of course adds to the cost of distribution. But here again we must define rather clearly what we are talking about before complaining of the cost of service. It all depends upon the point of view or rather upon a clear understanding of what is demanded.

Nobody who goes to a first-class hotel protests against the price of the service. He presumably goes to such hotels for the reason that they do furnish a high grade of service and he expects to pay for it. It would be economic nonsense for such hotels to eliminate expensive service—that is what they are selling and that service meets the obvious demands of their patrons.

#### Service Uses

SIMILARLY the service offered by a modern department store meets a real need. The patrons of such stores find a distinct advantage in having stocks of many different kinds of commodities under the same roof together with information, delivery, restaurant, medical, charge accounts, privilege of returning goods purchased and other services.

A large part of the buying public wishes to trade in stores which furnish all these services and many, at

least, of the customers of such stores understand that the services constitute a part of the price of commodities which they buy.

We shall less easily over-emphasize the importance of the cost of service in the price of the commodity if we pause long enough to consider other means of accomplishing the same result. As a simple example, if the consumer himself should undertake to go from one store to another in making individual purchases of various kinds of commodities and carry them home he would probably spend more time and effort than is now spent by the retailer in rendering these services to him.

#### Significance of Chain Stores

FROM the viewpoint of national economy it may be possible that large department stores have so perfected their special system of services, including delivery, as to meet these needs of the buying public more cheaply than the matter could otherwise be accomplished.

I naturally would not wish to overlook for a moment the significance of the chain-store movement. Chain stores rest upon a somewhat different philosophy of merchandising than the one underlying

The consumer can't expect the law to afford him complete protection against misleading advertising



department stores. Chain stores not only depend upon mass production and the elimination of one or two of the links in distribution, but also upon the idea that a certain number of consumers prefer to save cost of delivery by carrying home their own purchases.

If the chain store movement is to continue and expand it must do so on the basis of a permanent economy. It is too early to say, however, whether all the public will be permanently willing to forego the services furnished by department stores and to do the work of delivery themselves. It should be borne in mind that the chain store appears just now in a transition stage.

There is no final answer to the problems of distribution. No last word can be said on the subject for the simple reason that the wisdom of today may prove to be the foolishness of tomorrow. All the efforts of

manufacturers and distributors are attempts to adjust their business to the demands of the buying public. As education, economic conditions and living ideals change, the demands of the public upon distributors and manufacturers also change.

We are, therefore, constantly finding a part of the answer to the distribution difficulties only to realize that another part of the answer will only become apparent in the future.

#### Outworn Links

IN THE efforts which are being made to distribute all kinds of products as economically as may be it is likely that some links in the chain of distribution may, from time to time, be found to be no longer necessary. All these links were, in their beginning, the best which could be devised. But as with other human institutions they may become obsolete, and must be eliminated.

For example, the difficulty which small retailers experience in securing satisfactory stocks of goods at a reasonable price may be eliminated, to some extent at least, by co-operative buying. The advantage which the chain-store enjoys over small retailers in buying may be overcome by the cooperation of a group of such small stores in hiring a more expert buyer.

The salesmen of wholesale houses are, for the most part, highly intelligent and conscientious men but

since they are employed for the one purpose of selling goods their skill may persuade the owners of the small stores to buy in too large quantities or in a greater variety than they can hope to handle satisfactorily.

#### Cooperative Buying

ONE answer to this difficulty is cooperative buying. If ten stores, doing \$100,000 business each, were to combine it would automatically produce a million dollar buying capacity, thus enabling the stores to avail themselves of greater buying skill and to secure better credit. This is not a dream but has been realized already in more than one instance.

I think that most retailers will agree with me that the lack of fundamental knowledge about merchandise on the part of their salesmen and saleswomen is one of the most serious things with which they have to contend. The process of

thorough analysis of trade relations by a committee of representative producers and distributors who had



Salesmen may by skill induce owners of small stores to buy in too large quantities

education in the quality of merchandise, should, therefore, be extended as far as possible to all clerks and sales agents who handle such commodities.

The intimacy between the contact of the store owner and the customer may be greatly extended by so training the salesmen that they can intelligently counsel with customers on the relative value of different kinds of goods.

Every consumer is vitally interested in the economics of distribution, for he ultimately pays for the process. It is unfortunately true that we have made too little coordinated effort to establish a workable code of business ethics and to provide machinery by which a code might be enforced.

#### The Trade Relations Plan

ORDERS which are accepted by the manufacturer in good faith are often cancelled without proper cause or previous notification. Some manufacturers, on the other hand, have unduly held up the delivery of their orders, especially on a rising market, or have unwisely promised to make delivery when they were uncertain that they could make their word good. All such practices result in loss.

In the aggregate delayed deliveries and cancellations of orders entail millions of loss every year, all of which must be absorbed in the operation of the business and passed on to the consumer.

How is this gigantic economic waste to be checked or prevented? It has seemed to some of us that joint trade relations committees may furnish a better means of remedying such a situation than any other plan so far presented. At the recent conference on distribution in the Chamber of Commerce of the United States, following a

given a year's time and thought to the subject, such a plan was discussed and the conference accepted the committee's recommendation. Subsequently the President of the Chamber of Commerce of the United States appointed a committee for the specific purpose of encouraging and assisting trades to set up joint trade relations committees. This committee is now functioning and its program has received encouraging support from important trade groups.

If a committee composed of an equal number of producers and distributors, together with representatives of the consuming public were established in each broad trade division it might serve as a court for adjusting various problems of trade abuse and in eliminating unethical practices which pile up the cost of distribution.

Such committees could serve as clearing houses to intervene tactfully in the settlement of trade disputes by calling the attention of either producer or distributor to actions not in accord with the ethical procedure generally accepted by the trade or by proposing arbitration for disputes in which each side is convinced that his own action has been the ethical one. Another service might be rendered by such a committee in conducting research into prevailing trade abuses.

Gradually we might thus expect these joint relations committees to develop what could be called the common law of business, backed by the combined authority of manufacturing and merchandising leaders.

An intimate knowledge of the taste of the consuming public and a careful

statistical estimate of its probable purchases should be a part of the business of every wide-awake retailer. This knowledge of consumer demand, if passed on to the distributor and manufacturer or producer, should help in adjusting their operations.

Again, the production and launching upon the market of new types of goods without preliminary education of the distributors as to their nature and quality may meet with disheartening delays in their final sale. A joint trade relations committee ought also to be in a position to handle complaints about hand-to-mouth buying by retailers where such practices prevail without regard to the production program of the manufacturer.

Whatever action or change of operation is to be undertaken either by the manufacturer or the distributor should be made known as soon as possible to the other party in order that their combined efforts may result in a minimum of waste.

#### Mutual Understanding Needed

THAT the blame for the present cost of distribution cannot be placed entirely upon distributors should be apparent without further argument. The distributor cannot handle at advantage products which do not meet the existing taste and demands of the public. To attempt to sell such material means an added expense for high-power salesmanship, and always involves the necessity of working against pressure.

But from whatever angle we may approach the study of distributing merchandise to the consumer we come to the conclusion that a cure of the ills of which we hear so many complaints must be looked for through wider education of the consumer, distributor and producer.

# The Silent Revolution in Railroading

By F. S. TISDALE



## II—Shippers' Advisory Boards and Carriers Substitute Team work for Tumult in Breaking the "Grape Jam"

**G**ARIBALDI Pompa cultivates a vineyard on a certain sunny slope in the Great Valley of California. Antonio Bacigalupi is a hard-working plasterer who lives on Bleecker street, in the city of New York.

Tony and Garibaldi were greatly disturbed when the Eighteenth Amendment went into effect. The grape grower thought of ripping out his vines and devoting his sloping acres to more sober products. The plasterer's worry was personal; in the plastering business one absorbs into his system various dusts and limes that are most pleasantly eliminated by draughts of red wine; also the spaghetti loses its savor if it be not washed down by similar cheering liquids.

Tony's despondency deepened until a neighbor imparted the heartening news that the prohibition laws were not absolutely heartless. While they abolished the sale of wines as a commercial proposition, they displayed compassion by allowing each family to make for its own use 200 gallons a year.

"Ah," said Tony, brightening, "and where may one obtain the necessary grapes?"

Well, there were plenty of grapes—in California. All you had to do was to get them to New York, crush out the juice and let the natural fermentation take its course. Wine had to be bought, you might say, on the hoof.

Thus instructed, Tony, multiplied by many thousands, began buying California juice grapes. Meanwhile Garibaldi Pompa

**D**ON'T SKIP this story about grapes because you happen to be a drygoods merchant, or a banker.

This experiment in distribution is described by one of the leaders of American industry as the most important experiment in practical co-operation in 25 years.

The tremendous results of such a change in our methods of distribution can hardly be estimated.

It involves hand-to-mouth buying; new cooperative tie-ups in financing; orderly marketing, investment in railroad equipment, elimination of unscrupulous speculators both in transportation and in commodities.

Another business leader to whom we showed the article remarked, "This is the most practical aid given to agriculture in a generation." It was made possible by pooling interests and intelligence.

This is the second article dealing with this significant experiment. A third will appear in *Nation's Business* for November.

—The Editor.

stayed the hand that would have uprooted the vineyard.

Instead of subsiding, the demand for juice grapes became strong, then wild, and ended up in a condition verging on the hysterical. Eastern buyers, legitimate and otherwise, clamored for the fat zinfandels and alacantes. Railroads were besieged for refrigerator cars in which to transport the crop to the thirsty myriads of the east.

### Problems Sprang Up

THUS in an incredibly short time there arose a most difficult transportation and marketing problem. An immense trade sprang into being before any one had time to plan its mechanism. For a time it ran riotously. Wildcatters, doing business on shoe-strings and less, bought crops on promises and sold them if they could. There were not enough refrigerator cars to be had. The ones that were obtainable were rushed into the great markets of the east. Yards

became jammed. Tracks could not be cleared.

The laws of nature refused to wait for adjustments in supply and demand. In spite of solicitous ices the travel-weary grapes grew feverish. Cars that could not be unloaded became an insult to the eye and nose. Followed many claims for spoilage against the railroads. The carriers came to regard this juice grape trade as a recurring autumnal curse. But these un-

happy events are things of the past.

The grape question became so insistent that something had to be done. What was done was so effective that as this is written the California crop is rolling eastward with a regularity and orderliness that does credit to a great national product.

The working out of the grape problem has been a brilliant vindication of a new dispensation in American business. In this revised order of things the different interests use their strength toward the common purpose instead of wasting it in fighting each other. It is a substitution of team-work for tumult. Growers, shippers, railroads and receivers joined together to overcome the difficulties of the grape business. They were encouraged and aided by such government agencies as the Interstate Commerce Commission and the Department of Commerce.

But the real job was tackled by the Carriers and the Shippers' Regional Advisory



Putting ice in cars of California grapes, east bound

Boards. To them belongs most of the credit for what has been accomplished. These boards are voluntary committees of business men serving without pay. There is one for each industry. They work with the railroads on all questions affecting the flow of commodities. Quarrels and irritations are settled out of court through friendly tobacco smoke rising from conference tables. The country has been cut up into districts without regard to political maps, and each district has its board with committees representing every division of commerce and industry.

Working with these committees the individual roads and the American Railway Association have brought the transportation system of the United States to a state of efficiency undreamed of a few years ago. If you had told an old-time rail official that one day carriers, shippers and receivers would regulate themselves through friendly conferences, he would have thought you were talking of some impossible transportation paradise.

#### Importance of the Grape

BUT TO get back to Antonio Bacigalupi and what his appetite did for the grape trade:

"The difficulties of the grape problem," says E. J. Cleave, New York district manager of the American Railway Association's Car Service Division, "are undoubtedly greater than those of any other perishable trade to be found in the world." And he is in a position to speak because this same grape puzzle has absorbed much of his effort for the last few years.

Grapes dominate and control the movement of western perishables during August, September, October and November. Back in the days when wine could be sold legally the grower got from \$12 to \$20 a ton for his grapes; now he gets from \$65 for the low grades up to \$90 for the best. That isn't as good as it looks for the reason that in the old days he simply hauled his vintage a few miles and got his money when he is now some 3,000 miles from his principal market.

Yet in a lucky year the grower makes enough to put him on Easy Street for life, and this has caused an enormous increase in

grape acreage with corresponding jumps in shipments.

In 1922 some 9,000 cars of grapes reached the New York district. In 1923 there were 13,000 cars. By 1924 the receipts had risen to 16,000, and last year they reached almost 21,000. These figures include table grapes and juice-grapes, the latter being used mostly for wine making. The year 1925 saw a decline of 796 cars in table grapes and an increase of over 5,000 cars in wine grapes. California's entire crop last year was 72,000 cars, and it is expected that the 1926 yield will be about the same. It was estimated last year that the sales of grapes in the New York district alone put almost \$14,000,000 into the pockets of California growers.

Railroad men would rather not recall what happened to the grape shipments in 1922. The confusion was beyond description. It is the regular practice of shippers to start their cars rolling eastward even before they have found a buyer. The grapes are diverted to whatever city seems to offer the best market. During the height of the season, when selling pressure is strongest, delay in deciding on a final destination allows the rolling cars to drift farther and farther eastward. Often they are forced to retrace some of their journey. After the grapes reach Pittsburgh there is no other place to which they may be consigned, and they must be sold in one of the great eastern markets.

#### New York, the Greatest Market

THE GREATEST of these markets is New York, and the metropolis gets about 30 per cent of the entire crop. That doesn't mean that the city takes all these grapes; but it is the great buying point. And it will always take the grapes. You can bend the New York Market but you cannot break it. You may get very little for your shipment, but you can always get something.

It was these facts which drew down that early avalanche of grapes in 1922. There was no organized system of selling. Embargoes were instituted, and shippers tried to dodge them. The inpouring grapes upset the regular marketing of other perishables. At the beginning of 1923 not a road entering New York would accept the troublesome

juice grapes if it could be avoided.

By 1924 the Atlantic States Shippers' Advisory Board had been established. The Terminal Committee which had been struggling with the grape problem became the New York Sub-Committee of the Board's Perishable Committee. Here, then, was a machine, backed by the interests that handled perishables. Before the grape crisis came the committee got exceedingly busy.

On the advice of the railroads the conferees agreed to three radical changes in the handling of grapes at New York. First, the juice grapes were divorced from the higher-class table grapes. Second, the juice grapes were kept on the New Jersey shore for sale and the table grapes lightered across for auction on the Erie piers in Manhattan. Third, cars destined for one Jersey terminal were diverted, if that terminal was clogged, and shunted to other terminals that could handle them; this diversion was made at Chicago.

#### Grape Trade Sought

HERE was a start. It was such a good start that the New York District handled around 16,000 cars of grapes in 1924 against 13,000 the year before. Also there were no embargoes until the end of the season and these did not interfere with the actual marketing.

This showing caused a change of heart on the part of the carriers toward the despised juice grape. By 1925 the roads entering New York were going after the grape business instead of away from it. The Erie had always welcomed the grape trade, and its terminals had become the recognized market. To take care of the additional arrivals the Erie built an entire new yard with concrete platforms for the display of grapes, greater icing facilities, etc. The Lackawanna and Lehigh Valley also extended its trackage. With the new rules and the bettered facilities the district handled in 1925 some 21,000 cars of grapes with no embargoes, and always with track space exceeding demands.

In 1922 those 9,000 cars of grapes had thrown the terminals into desperate con-

fusion. Three years later the 21,000 cars had been handled without a serious bobble. Cooperation had scored another victory.

Meanwhile some order has been introduced into the selling of the shipments. The sedate table grapes leave their more convivial companions on the Jersey side and cross the

sell them off immediately so the tracks can be cleared and the refrigerator cars shot back to California for more loads.

Since there is no common terminal the grapes cannot be taken to the buyers. Ergo, the buyers must be taken to the grapes. They are a strange and various company, these buyers of wine grapes. They range from staid commission men, through private buyers with inordinate thirsts, down to out-and-out bootleggers. Table grapes are sold in broken lots. Juice grapes are sold by the car. To make the rounds of the offerings, commission men, private buyers and "booties" are loaded into trucks and driven

to the yards where the cars stand. Each car is opened and the contents examined. After the circuit has been made, the buyers return to a hall, where an auctioneer sells off the cars to the highest bidders.

The biggest difficulty was stretching the supply of refrigerator cars to meet the peak loadings. The need of more equipment was obvious. The Pacific Fruit Express Company and the Santa Fe Refrigerator Dispatch have purchased 6,000 new refrigerator cars for delivery this year at a cost of \$20,000,000.

An unprecedented plan has been put into effect to prevent shippers from ordering more cars than needed. The roads, working with a special California Grape Committee consisting of growers, shippers and bankers, worked it out. The state is cut into eight districts in each of which there is a man representing all the railways. Shippers must apply to these men for cars ten days before loading, and they must show proof that they can fill the number of cars asked for. Furthermore, shippers must file a separate bond sufficient to cover freight charges on their loadings. (Which is aimed at the speculators whose business is in their hats.)



These are juice or wine grapes. Buyers go from one railroad yard to another, cars of grapes are opened and contents examined. Buyers then meet in an auction room and bid. These grapes are sold only in car load lots



Auction room on West Street, N. Y. Buyers bidding for table grapes



An early morning scene at the Erie Railroad's piers in Manhattan, where table grapes are being distributed to packers. The fact that broken lots are sold sometimes causes confusion. Juice grapes are auctioned at the New Jersey terminals. This separation of selling and distribution points, the act of the Advisory Board, is a boon to the grape trade

# Everyman and His Bank

VI—Wherein Lucifer Smith Learns That Financing His Sales Takes More Working Capital Than Is Apparent at First

By DALE GRAHAM

Illustrations by Emmett Watson

"LET'S STEP into the committee room. We're not so likely to be bothered there." As he spoke, Vernon Martin, vice-president of the First National Bank, led the way across the lobby, followed by Lucifer Smith, president of the Climax Printing Company, Inc.

"It's quite a venture," Lucifer began when they were seated at one end of the long table, "and I wanted to talk it over with you before we made our decision, for two reasons. First, I want your advice; and, second, we will have to enlarge our line of credit in case we go into it."

"Go into what, may I ask?" The vice-president smiled. "So far, you've been keeping me in the dark."

#### Purchasing New Copyrights

"EXCUSE ME, I'll come to the point. The Climax Printing Company has an opportunity to take over the assets of the company that publishes and distributes the Liberty Bell Encyclopaedia. By buying the plates and the like, and by giving a job to a couple of their men, we can acquire the copyrights and selling privileges for far below cost."

"What's the matter with the Liberty Bell Company? Broke?"

"No, but financially embarrassed. They overreached their financial ability in preparing the books, and now can't market them properly. After disposing of the first printing, they have assets consisting of the printing forms, some time-payment contracts, and a very little cash."

The banker nodded. He had heard of similar situations before.

"Is it your idea to buy the forms, print the books, and market them?"

"Exactly!"

"Have you figured out how much money it would require?"

#### Bargain Offered?

"WELL, yes, as far as I can without going into too much detail. The forms and copyrights can be had for \$25,000. Maybe a little less. Then it would require some money, of course, for printing expenses at the outset. We could get along, I figure, on \$60,000. The project offers tremendous profits, and I think the bank could well afford to finance us."

A slight smile came over the vice-president's features, and Lucifer mistook it for one of acquiescence. It broadened as the banker replied:

"Making loans on the strength of prospects alone isn't considered sound banking even when the prospects amount almost to certainties. Stock buyers stake their money

on prospects, but banks can't afford to gamble with their depositors' money."

"I don't consider this a gamble, Mr. Martin. We know the books will sell, and the margin of profit is good. The sets sell for

rest of the proceeds from the remaining notes.

"Our printing cost, liberally figured, is \$70, giving us a \$30 profit on each set of books. So you see we have to sell only about eight hundred sets to get the \$25,000 back, and from then on everything will be clear profit. By printing the books about five hundred sets at a time we can avoid the risk of overexpansion. Then, as our business grows, we can cut our costs by making big runs. By that time, of course, we will have plenty of money of our own to finance the printing of books in advance."

"How many books do you figure on selling a month?"

"Well, I know we will have to begin slowly.

The old company's sales organization is somewhat disrupted but can be put back into shape. We can doubtless sell one hundred books the first month, probably two hundred for the next two months, then a minimum of two hundred and fifty each succeeding month."

#### Rough Estimates of Cost

THE BANKER was making notes on a scrap of paper.

"You will start out by printing five hundred sets?"

"Yes."

"At \$70 each, that would be \$35,000."

"Yes; that's what I figured. Add \$25,000 to that for the purchase price, and it makes \$60,000, the amount I mentioned. Of course, we can beat that by not paying all cash for the plates and copyrights."

"Uh, hub. Sixty thousand, eh? But expect to stay in the business, don't you?"

"Most certainly."

"What about financing the subsequent printings?"

"Well, in the first place, we can spread each printing over two months or so. If we sell two hundred and fifty a month, a printing of five hundred every two months would take care of us. Then money will be coming from the notes."

#### Bank Credit for Business

HAVE you figured out how much that will amount to each month?"

"Not in detail."

"Neither have I, and I'm not going to. Excuse me a minute and I'll get our analysis man to do it for us. I think you will be surprised how much money this plan of yours is going to require."

Within a few minutes, the banker returned to the committee room and found Lucifer studying some small paintings that embellished the walls.

"While our Analysis Department is figuring out the dope," he said at length, after

"The salesmen get \$50 a set—enough to keep them hard at work."

\$150. The salesman gets \$50 commission, so you see he is paid well enough that he will keep at work. We sell them to the salesman for \$100, accepting the notes of the buyer in payment. Whatever cash payment he gets—\$50, if he doesn't cut the usual requirement—goes to him, and we get the first ten notes of \$10 each, payable one a month. If he doesn't get all his commission in cash, he waits until we have collected our first ten notes, then he gets the





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#### COMMERCE AND INVESTMENT

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discussing with Lucifer the history and the meaning of the oils, "let's sit down and talk over the credit angle of this proposition, whatever it may turn out to be in dollars and cents.

"In the first place, as I believe I explained when you first bought the Climax Printing Company, a commercial bank can't go into a business as one of the proprietors, either directly or indirectly. It isn't allowed to buy stock, and isn't permitted to evade the law by making loans that are the equivalent of taking a proprietary interest in a concern. A line of credit must be based on present assets and the present earning ability of a business, as well as the soundness of the management and the future outlook. It would be out of the question for the First National or any other well-managed commercial bank to extend a large loan for the purpose of expanding the Climax Printing Company into publishers of an encyclopaedia. The one and only thing you should do is to get in some more invested capital.

"By selling stock?"

"Yes."

#### Reorganization of the Company

**B**UT OUR present capital stock is only \$40,000, and if we have to sell \$60,000 additional shares it will mean that those of us who own the business now will lose our controlling interest."

"Didn't you tell me that the plant of the Climax Printing Company—the business on its books, its good-will, and the like, were worth \$100,000?"

"We wouldn't sell out for that. Why we earned \$12,000 last year after paying taxes and all expenses."

The banker arched his eyebrows and nodded as though favorably impressed. "Why that's very good, Mr. Smith. Thirty dollars a share on your present capitalization of four hundred shares, par value \$100. Very good, indeed! Capitalizing your earnings on a 10 per cent basis, your business is worth \$120,000. It should be by no means necessary for you to put out new shares of stock on an equal footing with those that are outstanding at present. The answer to your problem is recapitalization."

"I'm afraid I don't know very much about recapitalization." Occasionally Lucifer Smith could be frank in admitting his shortcomings.

"Well, let us say for instance that you will need \$60,000 in new money. It would be best not to count on the line of credit you have here; you should have that in reserve for emergencies. Since you don't want to lose any more of the common stock interest than you must, you can put out some preferred stock—say at 7 per cent or even 8 per cent. It should be cumulative, but could be nonvoting."

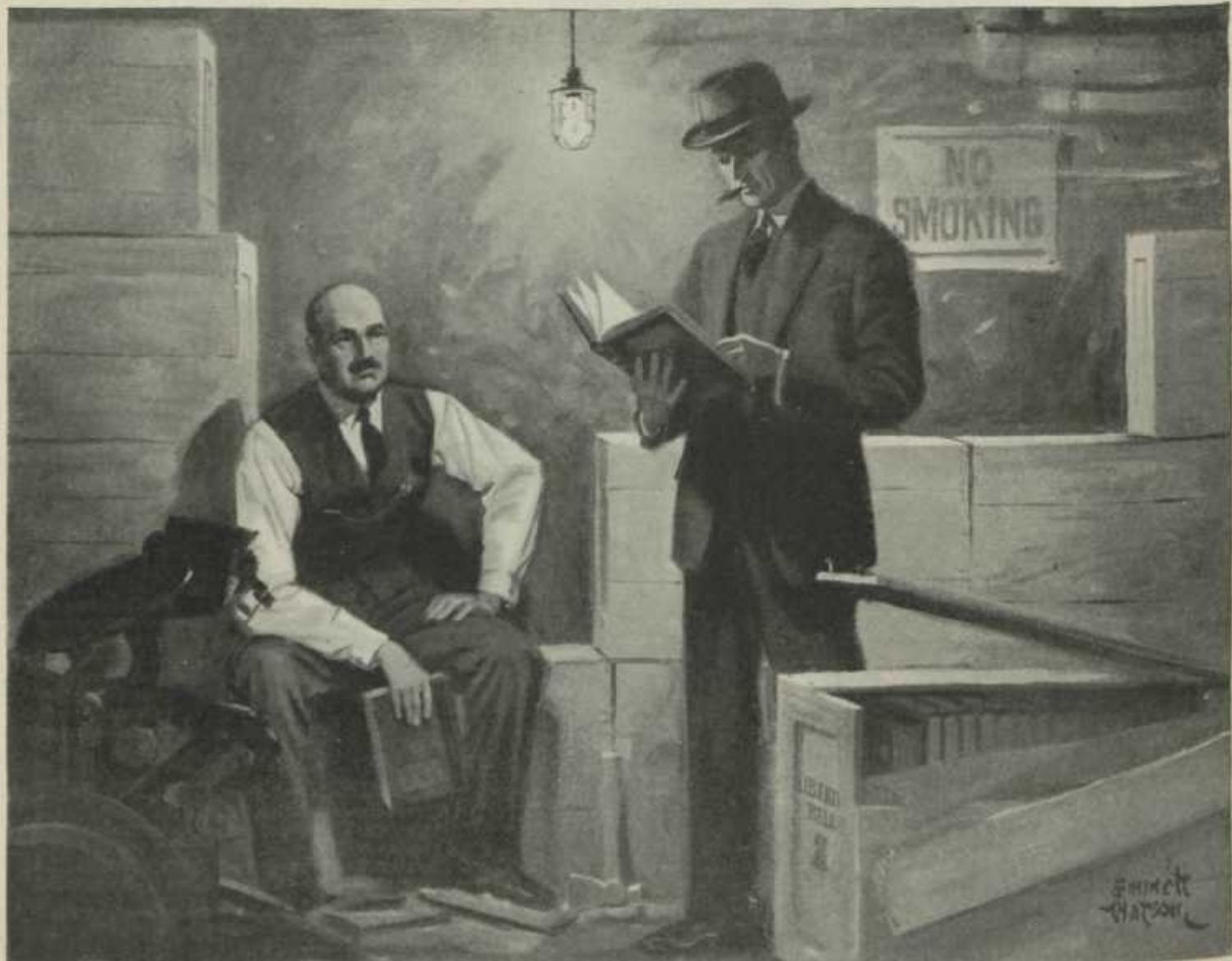
"What do you mean, 'cumulative'?"

"Cumulative preferred stock must have received full payment of dividends from the very time of its issuance before the common stockholders can take anything. In other words, if it is a 7 per cent preferred stock and pays nothing the first year, it must pay 14 per cent the second year before any dividend can be declared on the common stock. If the dividend is passed on the preferred shares the second year, then 21 per cent must be paid the third year before the common stockholders receive anything."

#### Preferred Stock—Cumulative

**W**HY MAKE it cumulative? We can pay 7 per cent every year without difficulty."

The reason for making it cumulative is that it sells better that way. You see the power to declare dividends rests with the board of directors of a corporation, who are elected by the common stockholders and usually large stockholders themselves. Now if the preferred shares aren't cumulative, it would be easy for the Board of Directors to pass dividends on all stock for a number of years and build up a big surplus. Then, maybe five years later, they would declare a 7 per cent dividend to the preferred and a 40 per cent dividend to the common stockholders. If the preferred stock were cumulative, the board would have to declare a 35 per cent dividend to the preferred shareholders—making up for the five years'



"The Liberty Bell Encyclopaedia Co. was up against it and Lucifer Smith thought he saw a great opportunity for his concern"



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THE PRESIDENT, a Studebaker Big Six Custom Sedan, was designed, built, equipped and christened in honor of America's executives!

Of all the millions of cars manufactured for the public at large, The President is the only automobile ever expressly created for men at the helm of the nation's industries.

The President is replete with all the characteristics of a custom creation—designed with a long, low-slung custom body on a 127-inch wheelbase—lacquered in rich ebony with a belt of thistle green striped with Siskiyou yellow, or in Croton green with an ebony belt delicately striped in ivory. Equipped with disc wheels, four-wheel brakes and ventilating windshield (exclusively Studebaker) which insures fresh air without drafts or moisture—enriched with the silvered figure

of Atalanta above its radiator—and powered with the quiet Studebaker L-head motor which recently smashed all previous transcontinental records by crossing from New York to San Francisco, under extremely adverse weather conditions, in 86 hours and 20 minutes.

The sky is the limit as to quality in The President—but we come back to earth to put a price on The President—\$2245! We invite you to see what Studebaker's One-Profit facilities have achieved.

**Equipment.**—No-draft ventilating windshield, exclusively Studebaker; nickel-plated bumper and bumperettes; Watson Stabilators; engine heat indicator and gasoline gauge on the dash; coincident lock; oil, flame and air purifiers; automatic windshield cleaner; double rear-view mirror; vanity case; smoking set; clock; arm rests; toggle grips; dome light automatically turned on when right rear door is opened; traffic signal light; 4-wheel brakes; full-size balloon tires; and two-beam nickel-plated scorn head-lights, controlled from steering wheel.

# STUDEBAKER

lapse — before a common stock dividend could be paid."

"Well, I suppose that is fair enough. So it's your idea, is it, to issue \$60,000 in preferred stock, cumulative 7 per cent nonvoting shares?"

"Oh, heavens, no! It would be fine if you could, but you couldn't get any buyers. You see preferred shareholders are not creditors, like bondholders; their money has to come out of net earnings. Now, the proportion of preferred to common stock must be kept down to a point where the preferred stockholders are pretty sure of getting their dividend no matter how bad business may be. Common stockholders can afford to gamble, for they get the big profits if a business is highly successful. Preferred stockholders, however, only get their little 7 per cent regardless of how much money the company makes. So a preferred share buyer wants to be sure the company can pay his dividend regularly or he won't buy."

#### "Bonus" With Preferred Stock

"IN THE case of your printing company, I should say that \$25,000 of 7 per cent cumulative preferred stock could be issued and sold at around par to local investors by giving bonus shares of common stock."

"What do you mean by bonus shares?"

"Well, for instance, with each five shares of preferred stock you sold at \$100, you might throw in one share of common stock."

"Free?"

"Yes, because it would make it easier to find buyers for the preferred stock. They would get a fairly safe 7 per cent investment, and have a chance of participating somewhat in any prosperity that might come to the company, through the share of common stock."

"I see. You'd give the common stock as bait?"

"Exactly."

"Well, where would this common stock come from?"

"To answer that question, I would have to explain in full how you might recapitalize. At present, you have 400 shares of common stock, \$100 par value, all owned by you and your associates. Against this stock are assets and earning power to justify a capitalization of at least \$100,000."

"Now, to continue, let us suppose you decided to issue \$25,000 of preferred stock, at \$100 par value, and throw in a share of common stock with each five of preferred that is purchased. That would only be fifty shares of bonus stock. Then you could sell the other \$35,000 of common stock at a price depending upon your earnings and the dividend rate it seems logical the company can afford to pay."

"Where would this stock come from?"

#### Stock on Basis of Earnings

"IT WOULD simply be authorized and issued. Since it would have no par value, there would be no difficulty about issuing as much as you desire. Now you made \$12,000 last year with only \$40,000 capitalization. This amount would pay your preferred stock dividend — \$7 a year on 250 shares — and leave \$10,250 for common stockholders and surplus. It stands to reason that with \$60,000 of new money coming in you should make more than \$12,000 clear profit. Now, suppose you were to issue 500 new common shares — this would still leave you and your associates with 1,000, or two-thirds. If you gave away 50 of these with the preferred stock, that would leave 450 to be sold to

raise the needed \$35,000." The banker figured for a few seconds on a pad of paper.

"That \$10,250, alone, could pay almost 7 per cent a year on 1,000 shares of common, so you shouldn't have the least difficulty convincing an investor that the stock was worth about \$78, the amount at which it would have to sell to raise \$35,000."

"Well, I should think not. In fact, I think your plan is too liberal. I don't see why it would be necessary to give away any common stock at all with 7 per cent preferred. That is a good rate of return. And I don't see why the common stock couldn't sell for more than you figure."

"Perhaps you are right in both cases, but here is what you are obliged to face. There are many good preferred stocks on the market that pay 7 per cent. They have proved to be strong and reliable. There are many good common stocks on the New York Exchange that pay good dividend rates. Now in order to interest investors in your little printing business, you must appeal to their cupidity and their gambling instinct. If they place their money with you instead of some giant corporation, they will insist on being paid for it. You can't market your stock the way a big firm does. A broker won't buy it up in a block and put it out to his customers as he would the securities of a big corporation. You will have to sell your stock to your friends and their friends — people who place reliance in the Climax Printing Company. So that's —"

Vice-President Martin was interrupted by a knock at the door.

"Well, how much money will Mr. Smith need to put over the encyclopaedia business on the scale he figures?" The question was addressed to the clean-cut young man who entered and placed some sheets of paper upon the table.

#### Cost of Floating the Deal

"I HAVE worked it out, sir, on the basis of printing 500 sets at the start, and 500 every two months beginning the fourth month. If Mr. Smith sells 100 sets the first month, and 200 the next two months, that will exhaust the first printing in three months.

"Including the \$25,000 paid for the plates and copyrights, and calculating the printing on the basis mentioned, the peak capital requirement would come during the eighth month and would be \$93,500, without allowing for the salaries of the men to be taken over from the old company or for defaults in time payments."

Lucifer gasped. "Nearly a hundred thousand dollars? How in the world do you figure that?"

The young man passed over a work sheet containing carefully itemized figures:

Month	Sell	Outgo (printing)	Income	Deficit or surplus	Accumulated deficit
1st	100	\$35,000	0	\$35,000—	\$35,000
2nd	200	0	\$1,000	1,000+	34,000
3rd	200	0	3,000	3,000+	31,000
4th	250	17,500	5,000	12,500—	43,500
5th	250	17,500	7,500	10,000—	53,500
6th	250	17,500	10,000	7,500—	61,000
7th	250	17,500	12,500	5,000—	66,000
8th	250	17,500	15,000	2,500—	68,500
9th	250	17,500	17,500	0	68,500
10th	250	17,500	20,000	2,500+	66,000
11th	250	17,500	22,500	5,000+	61,000
12th	250	17,500	24,000	6,500+	54,500
	etc.	etc.	etc.	etc.	etc.

"You see the payments start coming in at the rate of \$10 per month per buyer after the first month, and continue for ten months. Your outlay of capital increases faster than your income from time-payment notes for the first eight months. The ninth month, income and outgo break even, and from then on income exceeds current expenses. By the twentieth month you will have got back all your outlay of capital for printing, and by the twenty-sixth month you will have got in enough cash to pay back the \$25,000 purchase price for plates and copyrights. From then on, your profits will be good."

#### The Instalment Pyramid

"TWO years to get our money back?"

"Yes, if you are lucky in collecting your time-payment notes. Of course, this is figured roughly. Your sales might vary; your printing would probably run more some months and less for other months. At any rate, it would, as you say, take about \$100,000 to put over the deal."

"That can't be right." Lucifer was agitated. "I calculated that \$60,000 would be more than ample."

Vice-President Martin smiled. "I think that amount is very near what you would need to float the deal."

"All too often business men who go into the instalment selling business don't realize how the figures pyramid until it's too late and they are swamped."

"That's where the Liberty Bell Company is now — in the swamp." Lucifer rose and picked up the work sheet.

"I am inclined to think if it takes \$100,000 to give the world the Liberty Bell Encyclopaedia, it will have to go along in its ignorance."

"I'm glad to learn all about preferred stock, but I think I shall prefer not to issue any."

The three men moved toward the door. "I'd like to take this work sheet with me," continued Lucifer. "It probably has saved me a lot of trouble. In fact, it may be my Liberty Bell."

#### Fake Auctions Banned

Trenton has dealt with the problem of questionable jewelry auction effectively. An ordinance was passed by the City Commission in May, 1925, at the request of the Retail Merchants Division of the Trenton Chamber of Commerce prohibiting the sale by auction of jewelry between the hours of 6:00 in the evening and 8:00 in the morning.

An out of town jeweler violated the ordinance, was arrested, pleaded guilty, and was fined.

He then appealed the case to the New Jersey Supreme Court on the grounds that the ordinance was unreasonable and discriminatory and that the Commission did not have the power to enact such an ordinance.

The Supreme Court, however, upheld the ordinance as being within the powers of the City Commission.

The ordinance is a model of brevity not being over seventy-five words. According to the Domestic Distribution Department of the National Chamber, it is a relief from the five to seven hundred word treatises that are used in many places.

The Department has made a study of such ordinances and plans to publish a pamphlet on the subject.



# ST. LOUIS POST-DISPATCH

The highest ranking P+D+C newspaper of The BILLIONAREA—The Greater St. Louis Market.

# What the World of Finance Talks Of

## By MERRYLE STANLEY RUKEYSER

**A** TRAVELER, returning from Europe, gets a new sense of the meaning of American prosperity.

The test of national well-being ultimately is the welfare of the individual, and in virtually every country in the Old World there is an abnormal craving to migrate. If the United States lifted its barriers to unrestrained immigration, there would be a flood-tide movement of human freight westward across the seas.

As Francis H. Sisson remarked to me shortly after I stepped off the pier back to reality, America is sitting in the driver's seat. Economically, we are God's anointed. We are enjoying an extraordinary period of prosperity. For one, Mr. Sisson thinks the current prosperity rests on foundations of granite and is a normal state which will be upset only by human acts of folly and un-wisdom. He is unafraid of the conventional bugaboos.

### Wealth Unevenly Distributed

**I**NEQUALITY of prosperity throughout the world is less desirable than widely diffused good times.

Disparities beget envy, and jealousy impairs rigorous thinking.

America, with its unprecedented gold stores, is exporting capital on a prodigious scale, and at the same time importing imponderables in the nature of waning popularity abroad. The current unfavorable reaction to American tourists has been grossly exaggerated. The stoning of patrons of rubberneck charabancs received attention in the press because it was unusual, abnormal, and exceptional. In France, for example, responsible bankers and government officials welcome tourism as a uniquely helpful factor in creating a persistent demand for the franc when it might be otherwise comparatively unwanted.

But behind the superficial tourist situation are deeper human feelings.

Broadly speaking, a creditor is rarely beloved. Current day bankers, it is true, have a far higher social standing than Shylock, but, despite this progress in understanding and in ethics, the man who holds the promissory notes of others is rarely an object of widespread adoration. Public psychology toward creditors has no rational justification, perhaps, but it is well to remember that all the world loves a debtor.

### America, the New Creditor

**T**HE practical significance of this situation, it seems to me, is that in its new rôle as a creditor nation America through its Government and through its bankers should seek to compound business sense with high-mindedness. The Government, in its treatment of inter-allied debts, should be not only correct but should endeavor to reveal to the lay public that its attitude is sound and generous. Public opinion abroad has been badly deluded on the whole post-war financial situation by time-serving politicians, and public opinion at home has been somewhat apathetic. When the government loans to associated nations were arranged during the war, the matter was treated as the private business of the negotiators. Perhaps war-time exigencies required reti-

cence, but it is unfortunate that the vital aspects of the tangled subject have received so little public illumination in subsequent years.

Wall Street was interested in Newton Baker's plea for cancellation of the debts. Although some financiers may privately sympathize with that simple way of getting rid of a burdensome problem, banking houses officially will no doubt continue to support the Administration by withholding private loans from governments which have not yet concluded agreements with the Debt Funding Commission.

The present administration has sought extra-legally to exercise a supervision over Wall Street loans to foreign governments. The Secretary of State, without specific authority from Congress, called upon banking houses to submit to the department plans for foreign loans. The State Department habitually consults the Department of Commerce, and in practice refrains from expressing disapproval if the loan does not run counter to the major diplomatic policies of the Government. The American Government has made it plain to its bankers that it opposes loans to foreign governments for militaristic purposes. Although the bankers respect this very proper request from Washington, they sometimes make loans to foreign governments for constructive, non-militaristic purposes, but in so doing free other funds—perhaps from domestic taxes or internal loans—for the building of expensive armaments.

### Bankers in Foreign Loans

**P**RIvATE bankers in Wall Street who are concerned with the good name of financial America will be as generous in their terms toward foreign borrowers as sound business practice will permit.

Excessively high rates breed ill feeling and tend to pauperize foreign corporate borrowers.

There are, of course, many delusions concerning the discretionary powers of the bankers. Contrary to belief in many quarters abroad, the New York banking houses do not arbitrarily determine interest rates, but, broadly speaking, must follow the market, which reflects general economic conditions.

The great banks and banking houses of Wall Street usually act only as middlemen. They do not buy bonds for investment, but acquire them only for quick resale at a profit.

### Drop of Belgian Franc

**T**HIS situation is reflected by an incident that occurred earlier in the year. The Belgian Government up to February had succeeded for nearly a year in stabilizing the franc at about 20 to the dollar. To continue its program, it counted on a large dollar loan in New York, which the government officials believed had been tentatively arranged. When Belgian representatives sought to close the contract, they were confronted by what they regarded as new conditions. The bankers, it is reported, asked that the government make immediate provision for retiring its floating debt and arrange to turn over the state-operated railway

system to private management. The Belgian Government, it is said, found these conditions unacceptable, and the negotiations for the loan were broken off. When this became known, the Belgian franc plunged precipitately downward in the foreign exchange market and began once more to parallel the jazz movements of the French franc. Responsible Belgian bankers in Brussels recently told me that they felt the bankers had imposed stronger terms because the bond market had become less favorable. The incident made for misunderstanding and some ill feeling in a country for which America has only friendship and sympathy.

In defense of the American bankers, it should be said that subsequently Belgium has found it wise to act along the recommended lines, having recently taken numerous significant steps to put its financial house in order.

On my return, I discussed the February loan incident with New York bankers, who explained that they formulated terms which in their opinion would make Belgian obligations attractive to American investors.

### Price of Political Risk

**T**O SOME extent foreign borrowers have suffered in extremely high rates because of the unfamiliarity of American investors with foreign credit. That is unfortunate, and can be corrected only by education and by a systematic flow of impartial news from overseas. But for some years, despite a probable movement of interest rates on such obligations downward toward more normal levels, the American investor will no doubt require a premium for taking foreign instead of domestic bonds. The political risk must be considered, and Europe will pay the price until it has demonstrated over a period of years that it has found a formula for lasting peace.

### Ripley Throws the Limelight

**T**HE widespread disposition of American bankers to make annual trips abroad is helping enormously to bring about a better meeting of minds. Observation of conditions overseas leads to the conclusion that economically Europe is on the mend and that sound borrowers will unquestionably be able to fulfill their obligations if political peace can be assured.

Those men of finance who remained in Wall Street during the warm season felt that Prof. William Z. Ripley's latest blast was more than a midsummer night's dream.

The Harvard sage, writing in the conservative *Atlantic Monthly*, arrested the attention of Wall Street by his attack on the accounting methods of numerous corporations whose securities are listed on the New York Stock Exchange. Like a David slinging a stone at Goliath, this academician without fear or favor ruthlessly singled out great corporate enterprises for specific criticism and denounced "the dance card, balance sheet, or picture book variety of corporation report."

The main thesis that balance sheets and income accounts should reveal rather than conceal information was neither novel nor debatable, but until laggard enterprises follow the accounting practices of the more progressive corporations, such as the United

# National Management Week

October 15-22

## For the Elimination of Waste

"The high standards of living enjoyed by the American people are the result of steadily mounting per capita productivity. There is only one way to further advance these standards and that is by improved methods and processes, by the elimination of waste in materials and motions in our production and distribution system."

*Quoted from Progress in the Elimination of Waste by Herbert Hoover, in the 13th Annual Report of the Secretary of Commerce.*

One of the greatest factors in the elimination of waste in business has been the introduction of nationwide Mechanical Accounting. Over 40 years ago, William Seward Burroughs built the first practical commercial adding machine. Since then Burroughs adding, billing, bookkeeping and calculating machines have kept ahead of American business progress. They have simplified every problem of accounting. They have eliminated the waste energy of higher executives by keeping them in hourly and daily touch with the progress of their business. They have eliminated the waste hours spent in pen and ink methods and the waste money lost through the inevitable leaks and errors of that archaic system.

Burroughs machines save waste at every step. Burroughs various accounting plans have simplified business practice. Burroughs nationwide mechanical service has kept these time and profit savers permanently working. Burroughs personal service has helped bankers and business men of all kinds to better methods of making and keeping profits.

BURROUGHS ADDING MACHINE  
COMPANY  
Detroit, Michigan

# Burroughs

States Steel Corporation and General Motors Corporation, the message will be worth reading. Trade associations and the New York Stock Exchange have already put themselves on record in favor of greater publicity as to earnings, and now that stock ownership has become as widespread as motoring, there are new reasons why the insiders should tell the outsiders promptly what is going on.

For the last seven or eight years I have been shouting from the housetops in favor of "open covenants openly arrived at" in business. There is no answer to the demand for full, frank, and prompt financial reports on the part of companies whose securities are widely distributed. Publicity will help to cure abuses in business conduct and in speculative markets, but it is far from a panacea.

#### Board Is Greatest Asset

I RECENTLY discussed the value to investors of corporate reports with Hartley Withers, brilliant British economist. He is frankly conscious of the limitations to even the most honestly conceived documents, which are necessarily only statements of opinion—usually the opinion of the directors regarding the worth of the corporate assets.

On the question of the balance sheet, which Professor Ripley has vividly elevated from the domain of the accountant to the chatter of the street, Mr. Withers observed:

"It seems to me that since the value placed on most of the assets of a balance sheet is, to a great extent, a matter that can only be guessed at, and is actually arrived at by the opinion of the Board of Directors, the most important asset that a company can possess, after, and perhaps even before, the technical efficiency in production that its business requires, is an honest and prudent board. Fortunately this asset is possessed by the great majority of companies, because without it they would very soon perish. But there are degrees, and the personality of the board and the traditions under which it conducts what may be called the balance sheet side of the business is not only of the highest importance but also is a matter on which the ordinary investor is likely to have even less information than upon the conditions and prospects of any enterprise in which he is interested."

#### "There Ought to be a Law—"

THE TREND, of course, is toward better accounting methods in American corporate affairs. Professor Ripley's jibes will help to quicken the process which is already under way.

The Harvard economist suggested that the naughty laggards be whipped into line either by the Federal Trade Commission or by independent audits on behalf of stockholders at the expense of the corporation. The latter suggestion is based on sound British experience, and, strangely enough, has been comparatively ignored in newspaper comment, which has focussed on the idea of Federal Trade Commission supervision, which would involve more government in business.

#### Building Boom Adjusting

WALL STREET regards the signs of a slowing up in the domestic building boom as distinctly healthy. The building pace was so abnormally rapid that, if no checks were applied, the industry would be in danger of running toward a headlong collapse.

Since early spring the rate of increase

compared with that of 1925 has been falling, and in June and July the level of activity was lower than in corresponding months a year ago.

This would indicate that builders are automatically applying the brakes.

Generalization about the realty market is futile, because conditions vary widely in different sections of the country and even in different neighborhoods in the same city. And yet it seems safe to say that the physical building shortage, which resulted from deferment of construction activities during the war, has been made up. For several years, in fact, the extraordinary activity has reflected more a rise in the standard of living and public tastes in respect to housing than the making up of an actual shortage. The country appears to be approaching a stage where building operations should be geared to normal growth rather than to abnormal post-war conditions.

#### Stocks Attain New Levels

IN THE colorful resumption of speculative activities after midyear, seasoned stocks jumped into leadership, whereas in the 1925 upward spurt various, newer and more hazardous stocks leaped forward with a strange diffidence and nonchalance until the early spring reaction changed the perspective of speculators. In the latter movement, the older Wall Street leaders were at the van. The pet properties of J. P. Morgan & Company, the du Ponts, and George F. Baker were whirled to unprecedented heights. This later bulge was interesting, not so much because it brought forward a new crop of millionaires, but because it established in unmistakable manner the primacy of the older field marshals of finance.

#### I. C. C. Runs Railroads

IN CURRENT Wall Street talk, the renaissance of domestic railroad prosperity is at the forefront.

The speculative public has at last caught the significance of the constructive character of the Transportation Act of 1920, which charged the Interstate Commerce Commission with a responsibility for maintaining railroad credit as well as continuing its police power to prevent excessive rates, rebating, pools, and other ancient abuses. Recent earning statements have demonstrated the value to efficient transportation companies of the new character of regulation.

Incidentally, Wall Street expects the Interstate Commerce Commission to reject the request of the western roads, which is still pending, for a 5 per cent rate increase, but thinks that the Commission will approve various applications for mergers. The recent speculation in Great Northern and Northern Pacific has been based on the assumption that the roads would ultimately be permitted to merge. The Street also inclines to the view that the I. C. C. will approve the proposed unification of the Nickel Plate system along modified lines under the auspices of Orvis P. and Mantis J. Van Sweringen, the Cleveland bachelors who emerged from poverty as suburban real estate developers and who later brought the same spirit of enterprise and initiative into the railroad field, which since 1906 had lacked the spirit of business venturesomeness.

Exporters in Great Britain and Germany are more eager to see the French franc stabilized than the French, for the present depreciated franc enables French vendors to outsell the rest of Europe. Europe is suffering from interference with trade through excessive tariff barriers. Other cur-

rencies will be more disposed to consider downward revisions after the Latin currencies have been stabilized. The situation is likely to have some bearing even on American tariff policies in the years that lie ahead.

#### Invest in Bonds or Stocks?

THE ADVANCE of the practical science of statistics is fast challenging many of Wall Street's favorite superstitions and misconceptions. Last year Edgar L. Smith, Wall Street statistician and economist, startled the orthodox bond fraternity by writing a book to prove that over the long pull in the United States common stocks had proved better investments than high grade bonds. Now, Laurence Sloan, editor of the *Standard Daily Trade Service*, has prepared data which may lead to entirely new thinking concerning the status of preferred stocks. The Street had assumed that preferred stock prices, like bond quotations, rose and fell with interest rates, but Mr. Sloan contends that preferred stocks, like common shares, fluctuate in accordance with the ebbing and flowing of national prosperity.

"We feel," said Mr. Sloan, "completely justified in the assumption that, in the past, preferred stock prices have moved much more closely with speculative common stock prices than with any other classes of securities or interest bearing obligations, and that, therefore, the speculative influence has been the dominant one in the determination of preferred stock prices. This is not to say that the influence of money return at a given time has been absent, but it is to say that the yield influence has been secondary rather than primary."

"In all fairness, it should be stated that this is a heretical assumption. The yield theory is much more commonly held. But, at any rate, the statistical facts cannot be placed in issue."

#### Wall Street Has Its Joke

INTERNATIONAL trade in humor is frequently at the expense of the Scotch. Here is Wall Street's favorite yarn of the month: Thirty Scotchmen put up \$1 each at the seashore and formed a pool to see who could remain under water the longest. The winner was to get \$30 but all the contenders met death through drowning.

#### Unique Sales Methods

Unique ways of advertising are constantly being developed. A method recently used by a dry goods store in Tulsa, Okla., however, is deserving of special mention for its novelty. As reported by Dan Rennick, six babies were obtained at a children's home and featured at a baby show held by the infant's wear department. One of the street windows was fitted out as a model nursery and the babies were displayed there under the charge of trained nurses.

Homes for the babies were found. Sales increased over 200 per cent during the week of exhibition.

Bachelors will be especially interested in the idea of a Dallas hotel. When a shirt is sent to the laundry without a button, the missing part is neatly replaced. A tiny card attached to the button informs the guests that: "Our little mending corner sewed this button for you. If you're pleased, we're paid."

It takes a long time for guests to forget this extra laundry service.



In traveling from the Mediterranean to Persia the thirty Internationals covered a distance as great as from Canada to Mexico.



MUD—"The desert was just a bog, as it was winter time and nowhere what might be called a road," writes one of the members of the expedition.



WATER—Torrential rains flooded the valleys and rendered even more difficult the early stretches of the journey through Syria and Mesopotamia.



SNOW in the mountains near Teheran. "All the Internationals came through without the slightest mishap. The drivers, all new to the trucks, handled them easily and were most enthusiastic."

## The Famine-Fighting Fleet

ANOTHER "Message to Garcia"—the log of the International fleet that trekked across the Mesopotamian wastes at the call of the Persian government!

When famine threatened Teheran, the capital, last winter, the Persian administration ordered its first ten heavy-duty trucks from the International Harvester organization. Harvester world service placed the fleet at the nearest port on the Mediterranean Sea, Beirut, in Syria, ahead of other trucks ordered from Europe.

Then began the test of truck quality, a trip of 1350 miles across trackless desert and oversnow-bound mountains. On February 2 the cavalcade set out. The trucks, chauffeured by English, French, Italian, Syrian, Arabian and Druse, were laden with food and fuel and with tons of cement for the British at Bagdad, and they were accompanied by an escort of armored cars of the British Air Forces.

Twenty-six days were consumed between Beirut and Bagdad, every truck axle-deep in mud and sand practically every mile of the way. Bagdad, ancient city of romance, gave the travelers a dinner in their honor and a night of rest, and transferred them from desert to mountain going. Motor fuel for the Persian government, and wheat, took the place of cement for cargo. The cavalcade forged on both night and day, and entered Teheran the seventh day after Bagdad.

The entire fleet was in the pink of condition and every truck of the ten, on the morning of arrival, went out to Kasvin, a hundred miles away, and began bringing back great loads of the precious wheat.

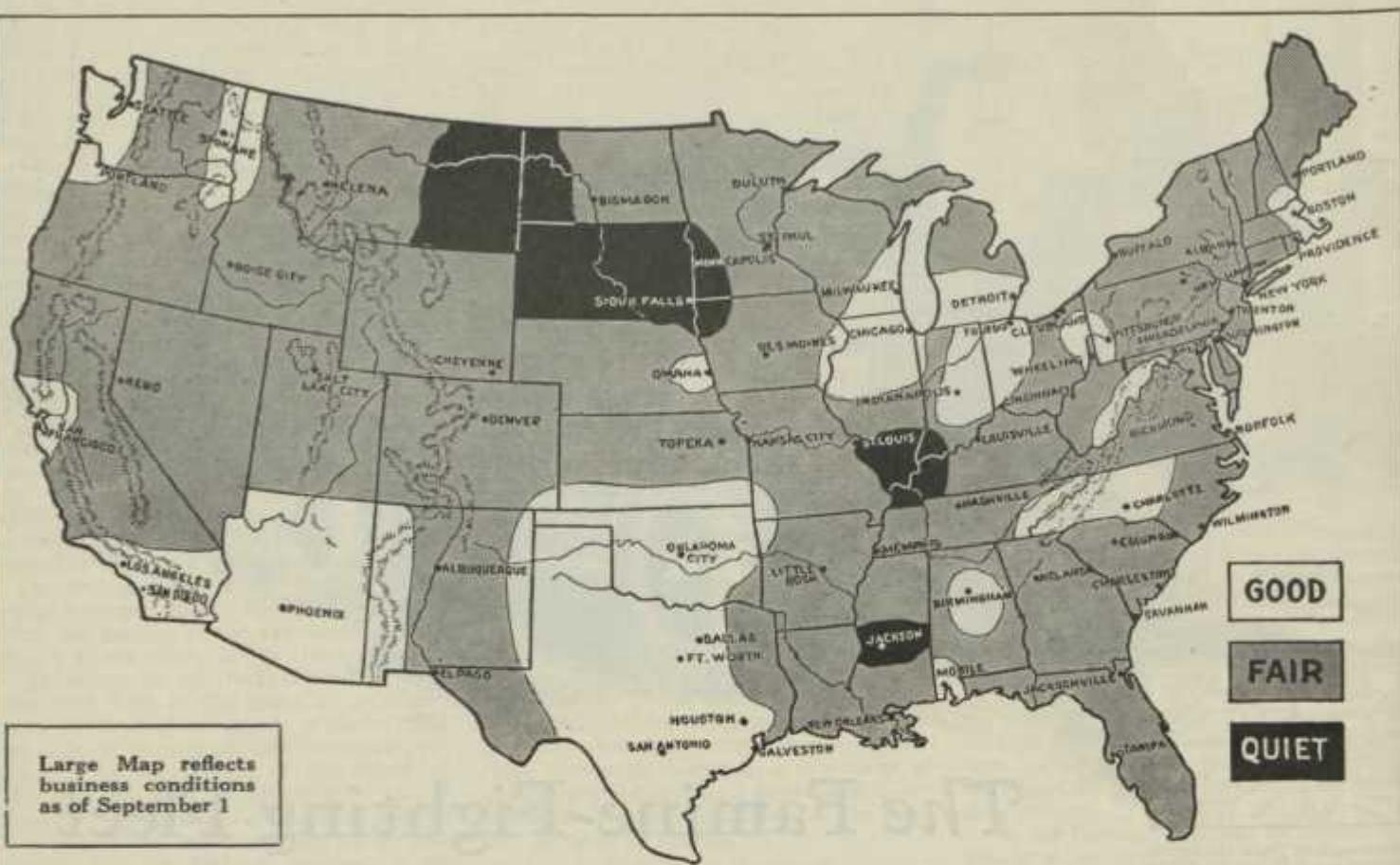
The Persian government, impressed by the stamina of International Trucks, immediately ordered twenty more of them, and these have since duplicated the travel history of the first fleet.

*The International line includes the Special Delivery, Speed Trucks of 1-ton and 1½-ton sizes, Heavy-Duty Trucks ranging from 1½-ton to 5-ton sizes, Motor Coaches for all requirements, and the McCormick-Deering Industrial Tractor. Served by the world's largest Company-owned truck service organization—120 branches in the United States and 17 in Canada. Write for complete descriptive literature.*

INTERNATIONAL HARVESTER COMPANY  
606 SO. MICHIGAN AVE. CHICAGO, ILL.  
OF AMERICA INCORPORATED

INTERNATIONAL  
HARVESTER  
COMPANY  
TRUCKS

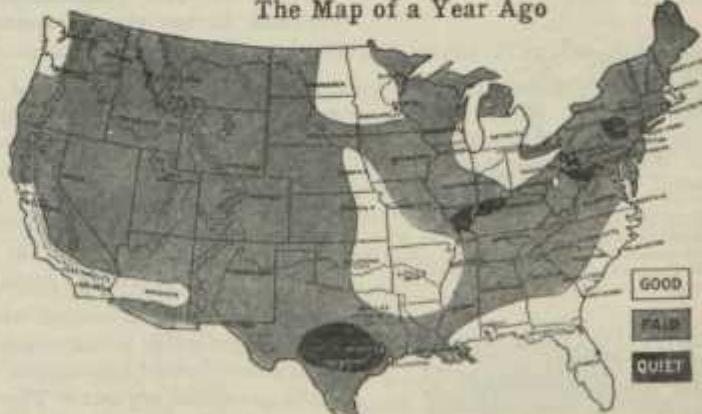
# The Map of the Nation's Business



The Business Map of Last Month



The Map of a Year Ago



By FRANK GREENE

*Managing Editor, Bradstreet's*

THE SUSTAINED strength of business sentiment through the mid-year period was apparently a true indicator of things to come in August.

How much this strength was due to the psychological effects of the steady advance of the stock market to and beyond the peak points touched last March is impossible to measure. Nor can one measure how much was attributable to the excellent out-turn of the winter wheat crop and to the feeling that buying in the early summer had been carefully done.

These and the possible effect the strength of the iron and steel trades through the

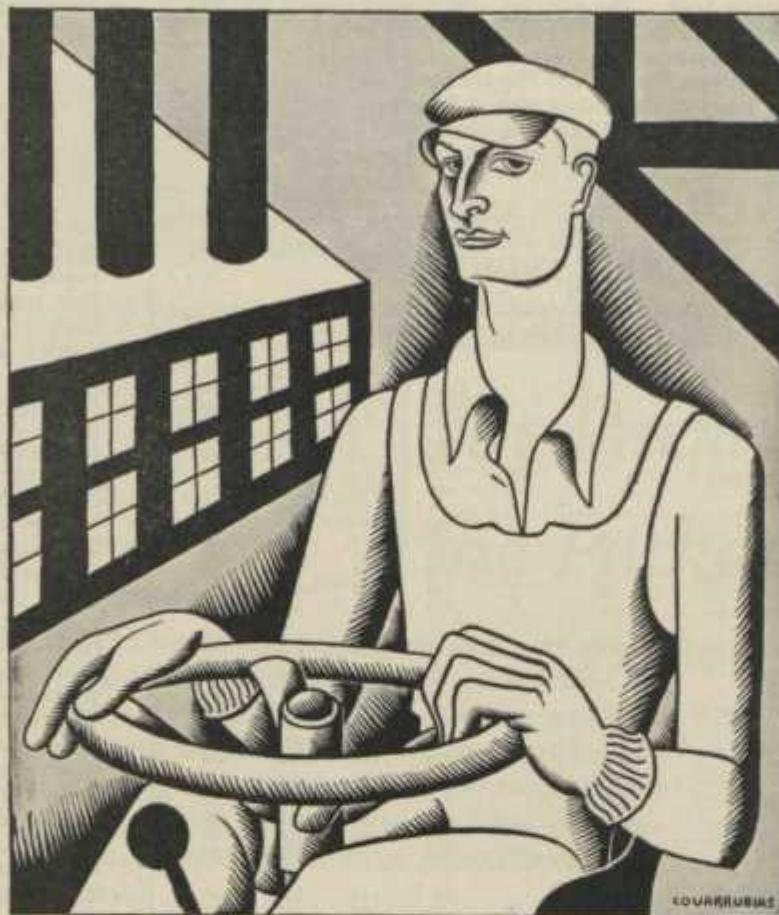
three ordinarily dull months had are beside the fact that August saw a rather pronounced step forward in distributive trade, that industry showed an even more marked speeding up and that even collections which have lagged behind trade distribution also showed a slight rally.

The crop situation which has been the last word in irregularity throughout the growing season showed some improvement, the net result being that the business world, already fairly optimistic, felt emboldened to step more confidently forward toward the good trade so freely predicted in earlier months.

With all the progress made and the ground

visibly gained, however, it is perhaps well to note that there is still a disposition to question the proportions of the advances made and to step carefully. For this the shortages in some usually important crops, especially spring wheat in the northwest, and of oats and hay in the country generally and the doubts still existing as to whether corn and cotton, which are late, will avoid serious frost damage, are easily advanceable.

Back of this is the knowledge that, while some industries have done well, others are still very much spotted and that a great deal of distributive trade is passing to the consumer through channels different from in



GEORGE GROSZ

## How to Whittle Down Payrolls

THE wise executive uses every cost-cutting tool available—the industrial truck and tractor is the greatest "cost-cutting tool" for whittling down the labor payroll. *This is the better way.*

Clark Tructractors, built in three types for every material handling need, are gasoline powered trucks and tractors. They exemplify the "Clark Theory of Labor Economy." Use coupon for catalog or booklet.

CLARK TRUCTRACTOR CO.,  
1127 Days Ave., Buchanan, Mich.

Please mail me copy of your book "Clark Theory of Labor Economy":

Name \_\_\_\_\_

Company \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

We employ \_\_\_\_\_ unskilled laborers



## CLARK TRUCTRACTOR COMPANY

*Gasoline Propelled Vehicles for Industrial Haulage*

1127 Days Ave., Buchanan, Mich.

former years with all that this implies as to the varying degrees of profit, perhaps absence of profit, accruing to large numbers of final distributors.

To return to the measurable results of the August crop, trade and industrial movement, it may be said that a slow but, on the whole, favorable crystallizing of crop returns was shown; that August iron and steel production like that of June and July was at a far higher rate than a year ago, that buying of cotton goods went on with a fairly steady hardening of prices and the resumption of full time in many mills north and south; that bank clearings showed the largest percentage of gain since spring; that stock market operations were unflagging with the net result that railway averages rose to the highest point since 1912, while industrial averages far surpassed anything shown last winter; and that commodity price indexes as of September 1 showed a turn upward after an eight months' decline.

### Money Rates Advance

**ADDITIONALLY** interesting features were an excess of activity in the purchase and production of shoes and leather, a new peak in automobile tire production following the long settling down and current reports of renewed activity in the production of automobiles.

A feature of the month's happenings having a bearing upon the course of business was the strength manifested in the money market, most of this in the last week of August. Advances of in most cases one-half of 1 per cent were shown on call and time loans. Some of this was no doubt due to preparations for September 1 disbursements, but the maintained strength shown later in most quotations was taken to reflect increased use of money in business.

A report to the Federal Reserve Bank by dealers in commercial paper, however, shows a total some 10 per cent less than at the like date a year ago, whereas brokers' loans are at the highest point since March.

The commodity price showing as of September 1 was interesting as marking a gain of only four-tenths of 1 per cent over August, the first rise since December 1, 1925. Contributing to this rise were advances in nine of thirteen groups, most of this slight. This stiffening tendency was retarded by down swings in the cereals, live-stock (except beef cattle) and vegetable oils, the chief strength being imparted by textiles, hides and leather and miscellaneous products.

The general index number as of September 1 showed a decrease of 11 per cent from the last high point of December 1, 1925, and was 9.8 per cent below September 1, 1925. The rise from the low of June 1, 1921, was 19.6 per cent, while the decline

from February 1, 1920, the peak point of all time, was 34 per cent.

Bank clearings in August fell 9 per cent behind July, but the gain over August last year of 5 per cent was the largest recorded since April. The gain for eight months over 1925 was almost identical. The only important decreases in July were in the south, mainly at Georgia and Florida cities.

Failures for August were 8.7 per cent below July but 12 per cent ahead of August a year ago. Liabilities were 46 per cent

1925 were 33,000,000, whereas 36,000,000 casings are estimated for the whole of 1926.

Some July statistics of movements will bear mention here. July automobile production fell 9.4 per cent below the like month a year ago, but seven months' output was 7.8 per cent above last year. July cement production broke all monthly records with a gain of 9.4 per cent over July, 1925, and shipments were second only to those of June while 3.5 per cent ahead of July, 1925. July soft coal output was the largest since

March and nearly 10 per cent ahead of July last year. July petroleum production was the largest in twelve months, and gasoline production and consumption alike broke all monthly records.

So far as capital invested is concerned, the production of electric light and power is probably the first industry in the country, and that industry in July showed an increase of 10 per cent over the like month a year ago.

The weakness of the wheat market in late August, when prices fell to 25 cents per bushel below a year ago, was largely explained by an estimate of 403,000,000 bushels for the three Canadian spring wheat provinces, 20,000,000 bushels more than a year ago.

With Canadian estimates some time ago nearly 100,000,000 bushels below this, the world's wheat supply was reckoned as little different from a year ago, but the latest Canadian estimate has tipped the scale against the American producer with, as is seen, a marked weakening of prices.

### Wheat Surplus

**T**HE American producer this year has a crop estimated at 838,000,000 bushels against 669,000,000 bushels last year, a surplus of 169,000,000 bushels, whereas exports last fiscal year were only 106,000,000 bushels.

Corn crop estimates this year promises about 2,693,000,000 bushels against 2,905,000,000 bushels in 1925, while oats indicate 1,296,000,000 bushels against 1,512,000,000 bushels last year.

Perhaps the most notable effect of crop estimates upon prices was shown by the cotton estimates. The July 16 estimate was for 15,368,000 bales, that for August 1, 15,621,000 bales, and that for August 16, 15,248,000 bales. The August 1 estimate put prices of cotton down a cent a pound in a day and checked buying of cotton goods. The August 16 estimate of 15,248,000 bales caused a prompt rise of a cent a pound and renewed the strength of cotton goods, which at the time of writing is still a feature.

The building permitted for at 156 cities for August increased 4 per cent over July but fell 8.5 per cent below August a year ago, while for eight months the total is down 5 per cent from 1925.

### BUSINESS INDICATORS

Latest month and the average month to date for 1926 and the average month for the years 1925 and 1924 compared with the average month for the year 1923  
Average Month, 1923 = 100%

	Latest Month 1926	Month to Date	Average	
			1923	1924
<i>Production</i>				
Cig. Iron	96	98	91	78
Steel Ingots	101	110	102	85
Copper (Mine Output, U. S.)	119	117	114	107
Zinc	109	119	111	101
Coal (Bituminous)	96	95	93	86
Petroleum	106	99	104	97
Electrical Energy	127	127	118	90
Cotton Consumption	85	101	99	85
Automobile Production	110	118	106	89
Rubber Tires	144	137	134	114
Cement—Portland	149	111	117	109
<i>Construction</i>				
Contracts Awarded (36 States) Dollars	175	153	146	112
Contracts Awarded (36 States) Sq. Ft.	126	125	131	103
<i>Labor</i>				
Factory Employment (U. S.)	90	92	92	91
Factory Payroll (U. S.)	92	96	95	93
Wages—Per Capita (N. Y.)	106	106	104	102
Cost of Living	104	106	104	101
<i>Transportation</i>				
Operating Revenues	105	97	97	94
Net Operating Income	143	107	116	100
Freight Car Loadings	115	103	103	98
Net Ton Miles	103	99	100	94
<i>Trade—Domestic</i>				
Mail Order House Sales	107	119	123	107
Department Store Sales	80	98	106	101
Wholesale Trade	99	98	101	99
Chain Stores	125	118	127	112
<i>Trade—Foreign</i>				
Exports	106	106	118	110
Imports	107	119	111	95
<i>Finance</i>				
Debts—N. Y. City	137	144	131	111
Debts—Outside	120	119	114	102
Failures—Number	102	118	113	110
Failures—Liabilities	63	74	82	101
Stock Prices—20 Industrials	172	160	142	105
Stock Prices—20 Railroads	143	134	122	105
Shares Traded In	233	195	196	119
Bond Prices—10 Bonds	110	110	107	103
Bond Sales	94	113	124	127
New Securities Issued	52	108	101	89
Interest Rates—4-6 mos. Commercial Paper	86	83	81	78
<i>Wholesale Prices</i>				
U. S. Bureau of Labor Statistics	98	99	103	97
Headstreet's	95	97	104	97
Dun's	98	99	104	100
Fisher's	95	97	101	94

Prepared for NATION'S BUSINESS by General Statistical Department, Western Electric Company, Inc.

ahead of August, 1925, but 55 per cent below July, when numerous bank failures, especially in Georgia, Florida and the northwest, swelled liability totals abnormally.

The same variation in gains as between mail order, chain store, and department stores, previously noted, was shown in August when mail order sales increased 12.3 per cent and chain-store sales 8.1 per cent, whereas department store sales gained 6.5 per cent.

Tire production in August rose to 140,000 casings a day, a new peak, and output for the month was 6,000,000 against 4,900,000 in July and 4,100,000 in June. Shipments of tires were 7,500,000 against 6,275,000 in July and 5,700,000 in June. Movements, through retailers, in the first six months numbered 14,500,000 against 19,500,000 in the first half of 1925. Total dealers' sales in

2,905,000,000 bushels in 1925, while oats indicate 1,296,000,000 bushels against 1,512,000,000 bushels last year.

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The building permitted for at 156 cities for August increased 4 per cent over July but fell 8.5 per cent below August a year ago, while for eight months the total is down 5 per cent from 1925.



**For Faulty Vision—the Oculist**

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 King George IV delighted in a sauce especially concocted to his taste. Today this same 18th century sauce goes daily to thousands of American homes—tucked in modern glass bottles and a 20th century shipping box—of Hinde & Dauch Corrugated Fibre.

Mr. K. F. Lingo, Secy., the G. F. Heublein & Bros. Company, Hartford, Conn., makers, reports:

"6 years ago we decided to end the high packing and shipping expense due to wooden boxes, and submitted our requirements to several manufacturers of shipping containers. Hinde & Dauch package engineers designed the box best suited to our needs.

"At first we seriously doubted whether corrugated containers would protect the square bottles, but actual shipping tests proved that they gave practically perfect protection.

"We find that they give us an overall saving of 35 to 40% in packaging and freight charges. Our shipping weights are 10% lighter, and packing labor 12 to 15% less. Ease of handling and storing have brought about further savings in trucking and storage space.

"Although shipments are made by freight and boat to distributors throughout the United States, our complaints from breakage are practically nil."

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City \_\_\_\_\_ State \_\_\_\_\_

# The Bank's Part in the Farmer's Trouble

(Continued from page 15)

wants to know if the borrower can come out ahead on the enterprise for which a loan is wanted. His duties do not end with mere appraisal of securities. He wants to know if a particular loan will help the borrower create new wealth or to avoid loss.

Instances of farmers saved from financial ruin by sound guidance and friendly advice of their bankers are the bright side of the banker-farmer pictures. Bankers who withstood the hysteria of the war boom earned an increased public confidence. Now they are in a strategic position to insist on better banking laws and a higher professional standard for bankers.

In addition to inadequate funds and personnel, insufficient regulatory power handicaps the state banking departments in exercising a restraining influence.

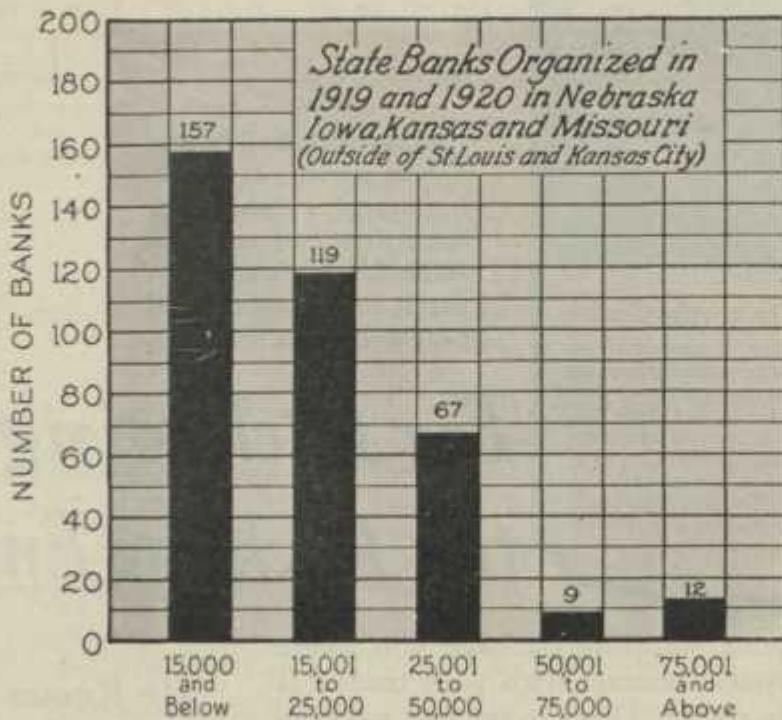
The Banking Department of Iowa does not have authority to refuse a charter, if the legal conditions have been met, even though the community is fully supplied with banking facilities. But this department assumed such power July 1, 1925, and has exercised it ever since without having been challenged. By this, 38 charters were refused to August 17 of this year. In the same manner the department has put a damper on the organization of \$10,000 banks. The aim is to build stronger and better banks, and not more of them.

## Lax Bank Laws Share Blame

THE BANKING Department of Nebraska, in its 1920 report, recognizes the situation by calling attention to the need for more regulatory power and cites other pertinent weaknesses in that state.

Legislation is desired to prevent the further organization of small banks, to curb speculation, to dismiss the reckless, incompetent banker, and give weight to the criticisms and recommendations of the examiners and the department.

Laxity in banking laws and their administration no doubt supported and stimulated inflation in land values. It also allowed an unreasonable expansion of debts in many farm communities. But country banks were not alone in this. Liberality permeated our whole financial structure. Bankers were at fault, but they were not alone. Farmers and others were willing partners in speculation. Why many banks succeeded despite the competitive urge to do unsound things would be in itself a worth-while study. It is easy now to say what should have been done and how. But the wisdom of our hindsight is the essence of our ability to learn by experience. Therefore, the part which our system of local banking played in saddling heavy debts on the farmers, and in permitting them to saddle themselves with such burdens, should be given systematic attention in any constructive agricultural policy.



Excessively liberal credit, an attack of the speculative fever in 1919-20, and the sharp drop in values after the boom left many banks with frozen, thin, and even evaporated equity in real estate.

But speculation in land does not account for all the distress of Mid-West banks, nor was it the way they got all the frozen or thin land mortgages they now carry.

The banks of Iowa became tied up in real estate mainly through unsecured loans for current operations, equipment, pure-bred livestock, and the like, before the drop in prices. After the boom, many of these loans were secured by junior liens on real estate, any kind of security being better than none. This is how they got from one-third to a half of the real estate paper they now hold, says Mr. L. A. Andrew, state superintendent of banking for Iowa.

The drop in farm values "froze" these mortgages. According to the Federal census, the average value of farm real estate in Iowa fell from \$227 an acre in 1920 to \$149 in 1925 after having risen from \$96 in 1910. The decrease was, of course, much greater in land that had reached the impossible heights of \$400 to \$500 an acre. The value of the later liens became increasingly doubtful with the fall in land prices.

The banker who was fortunate enough to hold a first mortgage could get a land bank to liquidate it, but often it was necessary for the banker to offer better security than he had held, and take a secondary lien for the difference.

## Wanted—Another Boom

THUS, IN various ways, a lot of paper based on depreciated real estate came into the banks. The load broke many of them and is still a heavy strain on the active banks.

It is no wonder, then, that Iowa bankers and other business men are interested in a return of higher land values, from the standpoint of both the active and the defunct

banks. The bank superintendent, Mr. L. A. Andrew, says:

Iowa business prosperity and the working out of many of our banking problems is absolutely dependent upon the free movement of land at a good price.

But what is meant by a "good price" for land? To the land owner it usually means all he can get and a good deal more. To the banker it seems to mean a price that will thaw out and revive his frozen and dead real estate paper.

How can a free and easy movement of land at a good price be had? Obviously, by a sufficient increase in the net income from land to justify such a price, by a revival of faith in resale at a substantial profit in the near future, or by a combination of both. This would increase bank deposits, help liquidate loans, and relieve the bankers of their real estate paper.

But the big problem is to bring about the necessary increase in the price of farm products. How can this be done?

The bankers of Iowa have attempted to work out an answer. The All-Iowa Agricultural Marketing Conference, December 29, 1925, sponsored by the Iowa Bankers' Association, adopted the following among other resolutions:

That, in view of the post-war reversal in trade balances between the United States and Europe, we favor some form of export plan or corporation applicable to all agricultural products which will furnish the effective basis for prosperity in Iowa and all other states.

This language is quoted from page 178 of the Report of the Fortieth Annual Convention of the Iowa State Banker's Association.

This meeting in turn led to the North Central States Agricultural Marketing Conference at Des Moines, January 28, 1926, and its "Executive Committee of 22." These conferences were the forerunners of the Corn Belt lobby for the McNary-Haugen bill in the last session of Congress.

## But the Banker Isn't Alone

THUS THE Corn Belt Bankers put the big task squarely up to Congress—the task of raising the price of farm products to revive a free turn-over of land and, in turn, to relieve the banks of frozen and depreciated real estate paper.

But a balanced view of the bankers' part in the "Corn Belt movement" calls for additional consideration.

In the first place, the Iowa bankers did what they thought the immediate needs of their business demanded—what others do under comparable circumstances. Other bankers, as dependent on a given manufacturing industry and as tied up in its properties as Iowa bankers are dependent on agriculture and farm lands, would no doubt work for a higher tariff or for some other

(Continued on page 54)



Five years of rapid industrial progress have built a new skyline in San Francisco; \$228,000,000 worth of buildings.

ROULIN © PHOTO

# San Francisco—Western Headquarters

## PART I

By CAPEN A. FLEMING

*Manager, Industrial Department San Francisco Chamber of Commerce*

NOT ONCE, but twice, within the memory of men now living, the strange thing we call Destiny has built, in the same place, its own commercial, financial and manufacturing capital of the Pacific Coast.

Nowadays, many names are given to Destiny. "Cause and effect" says the man in the street. "Economic determinism" is what the financial expert calls it. The name makes no difference. Robert Bruce's historic spider which seven times spun its web across the cave mouth was less persistent than this inevitable force.

Half a dozen times, in the days of the gold-mining Argonauts, devastating fires swept the wooden village on the sand dunes of San Francisco Bay. As many times, "Destiny"—backed by the judgment and determination of far-sighted business men—spun its web of thoroughfares across the hills and flats, until the city took root, grew fast, roared ahead, with the merchant navies of the world in her fifteen miles of berthing space—the commerce of Western America in her streets—and ran straight into the great fire of 1906—a three-hundred and fifty million dollar calamity!

### Nine Years Later

IN THE history of cities there exists no more significant episode than is con-

tained in the statement that nine years after the great fire San Francisco not only had rebuilt herself but was hostess to millions who visited one of the great-



A glimpse of San Francisco's deep-water harbor frontage with 15 miles of berthing space. San Francisco Bay is the largest landlocked harbor in the world.

est and perhaps the most exquisite of all the expositions ever held—the Panama Pacific. And in the succeeding eleven years, the progress made by her resolute

citizens has been breath-taking. Take any yardstick you can think of, and the result is the same. Here, for example, are a few:

San Francisco Progress	1906	1925	Per cent of increase
Bank Clearings	\$1,998,400,779	\$9,479,464,458	374
Assessed Valuation	375,932,447	1,049,862,516	179
Value of Manufactured Products	136,601,442	528,723,269	287
Value of Foreign Commerce	84,348,540	336,439,199	298
Savings Bank Deposits	162,320,980	678,759,170	318
Real Estate Sales	68,064,300	182,907,216	169
Building Operations	34,947,386	50,392,793	44
Carload Movements	100,000	230,880	130
Postal Receipts	1,509,595	8,132,899	441
Customs Receipts	9,462,639	12,073,552	27
Per Capita Wealth	1,941	3,807	96



China Basin—a center of San Francisco harbor-front industrial activity.

RUSSELL © PHOTOS



A bit of the Great Highway along the ocean front—in January or June a wholesome recreation place for workingmen and their employers.

have flourished, and now the city not only numbers thousands of Pacific Coast enterprises, but has become the hub of western manufacture and distribution of national industries that heretofore shipped from the East. The blacksmith shop and rigging yard that sprang up overnight to serve the wooden sailing ships, developed into great dry-docks, foundries and rolling mills. The "outfitter" who sometimes "grub-staked" the hopeful prospector, became first a jobber, and then a manufacturer, importer and exporter of foodstuffs. And so it has been in every line—a tribute alike to San Francisco's preeminence in location and natural advantages on the Pacific Coast, and to the constantly increasing number of business men who have seen and taken advantage of this opportunity—until in 1923 the industrial record stood as in the table below shown.

Projecting the curve of growth to 1926 you have \$529,000,000 for an up to date figure on the present annual output of San Francisco's industries. It is one-fifth of all the industrial production of California, in San Francisco's 42 square miles. And, in the 2,464 square miles of San Francisco's metropolitan area the annual

#### How Industries Grew

ALWAYS, in California, men have lived easily and made money. It is therefore the more remarkable that, from San Francisco's earliest days, her people have not been content to rely upon the tremendously rich back country, but have built themselves into a high degree of self-sufficiency through the development of industry in many lines, until today the tale of San Francisco's industrial development (excluding industries with a value-output of less than \$5,000) already equals or surpasses the entire annual agricultural output of the state. The fact is that, from the very beginning, industries

Leading San Francisco Industries	Number of establishments <sup>1</sup>	Average Number of wage earners	Wages	Value of products
Food Products	418	7,276	\$9,536,722	\$108,687,815
Paper Products	341	4,842	8,032,410	40,784,331
Textiles	195	5,959	6,543,538	36,476,007
Metal Products	418	7,017	10,554,696	47,041,288
Wood Products	156	3,840	6,182,625	26,379,826
Leather	49	1,304	1,618,940	8,722,906
Mineral Products	45	540	843,952	3,176,442
Paint and Oil Products	10	187	239,788	4,080,566
Transportation	65	645	1,088,225	3,763,106
Chemical Products	59	458	580,558	4,708,674
Miscellaneous Products	334	11,570	16,154,574	132,496,574
	2,090	43,638	\$61,376,028	\$416,317,535

<sup>1</sup> Excluding those with less than \$5,000 annual output.

<sup>2</sup> 1923 census figures are latest available.

manufactured output amounts yearly to \$1,379,415,000.

#### Closest to Markets

**SAN FRANCISCO'S** market—the number of customers best reached from this area—stands without a peer on the Pacific Coast. It takes people to make a market, and the city that is most favorably located as regards population is the best distributing center. On this basis, we find that from the Southern portion of the state 2,624,000 people can be served at a lower freight rate cost, while from San Francisco 4,844,000 people are reached at a lower freight rate cost than from the South—an 84 per cent advantage. In addition, 1,400,000 others can



Low cost water transportation brings the mighty forests of the Pacific Northwest to San Francisco's doors.

be served at the same freight rate from either part of the State.

Or, comparing San Francisco's trade territory with cities of the Pacific Northwest, we find San Francisco has a trade population, measured by freight rates, of 5,588,000 as against the trade population served from the Northwest coast cities of 3,345,000—a 67 per cent greater population in the San Francisco trade territory. Concentrated within the San Francisco Bay area alone is more than one-fifth of the entire trade population of the three Pacific Coast States and within the switching limits of San Francisco are 68 per cent more people than within the switching limits of any other Bay point.

#### Eastern Manufacturers

**EASTERN** manufacturers, planning and locating branch factories on the Pacific Coast to serve this rich market, constitute the latest and one of the most important developments in San Francisco's industrial life. Branch factories already established have proved by practical tests in comparable work the greater productive efficiency of from 20 per cent or even more. An average sum-



A typical heavy-industry development on San Francisco's bay-frontage.

mer temperature of 59°—an average winter temperature of 51°, places San Francisco in the temperature belt of greatest working efficiency, as determined by investigations at Yale University, and, in addition, constitutes an important factor in building, heating, and plant maintenance costs. Similarly the record of only five and a half days lost to outdoor work between November and March speaks for itself in greater labor efficiency indoors and out. Abundant and cheap oil- and hydro-electric power occupy a large place in the picture, and the fact that the average working man in San Francisco would not willingly live any place else constitutes a tremendous factor in the stability of personnel and the prevention of labor turnover.

#### Industrial Sites

**WITHIN** San Francisco's city limits are yet hundreds of acres of waterfront property suited for industrial development. A single new project, soon to be put under way, comprises 291 acres of industrial lands—the Islais Creek development. Along the whole western shoreline for 49 miles of the great Bay runs a natural deepwater channel, with seemingly unlimited thousands of industrial acres—abundant room for branch-plant industrial development. Pleasant homesites for employees are available close by; a little further oceanward are more expensive residence districts—still further west the large estates and country clubs in the beautiful hill country of the San Francisco peninsula.

#### Special Industrial Services

**INDUSTRIAL** San Francisco is a natural growth in a great new field of profitable opportunity on the Pacific Coast and face to face with the tremendous widening trade areas of the Orient. The list of new industries and branch-plants already established is large and varied, and to serve manufacturers everywhere who are interested in this territory, the San Francisco Chamber of Commerce



A "Winter" Day Downtown.

maintains an Industrial Department that will serve you as frankly and impartially as though you were to send your own special representative. If you are interested in the industrial possibilities of the Pacific Coast, the Industrial Department of the San Francisco Chamber of Commerce invites your correspondence. All letters received are considered confidential between the Industrial Department and the writer. *Write to us.* It is almost certain that we will be able to furnish you information of value.

# The Bank's Part in the Farmer's Trouble

(Continued from page 50)

form of government protection to give new vigor to that industry and added value to its mortgaged properties.

Secondly, the bankers were not alone in the movement. Farmers' organizations worked with them in the effort to get Congress to legislate certain farm products to a pre-war purchasing power to liquidate debts, and to increase the value of farm land.

It is not the purpose of this article to analyze the workability of the McNary-Haugen plan or to attempt to predict its probable effect on agriculture. Suffice it to say that it was generally regarded as an "emergency measure" and therefore temporary. *The Northwest Banker* (Des Moines) says editorially in the July, 1926, issue:

We have been favorable to the Haugen bill because we believe that it would give the farmers at least temporary relief. We do not believe, however, that legislation in very many cases can or should be used as a panacea or cure-all for economic difficulties.

### Loaded Up With Water?

GRANTING for the sake of argument that this measure would work for a time, as *The Northwest Banker* seems to believe, what is in store for the farmer and his banker after the "temporary relief" has been administered? What would they do with the greater surplus of re-stimulated agriculture? How would they get returns on the higher property values which such a "temporary relief" is bound to create?

It would take something approaching a land boom to put even temporary value into many of the second and third mortgages that are causing grief for the Corn Belt banks. But there would be an aftermath to this, as to the boom of 1919-20, unless there should be a sustained demand for the increased product at a price that would justify the figure paid for land. The buyer would find it difficult to get satisfactory returns on that figure. The painful necessity of writing off the inflated values would present itself anew.

In the meantime the banks would have turned much of their present real estate paper. But mortgages would be written on new paper. Somebody would still be facing the necessity of writing off the losses.

Under such a plan would it not be nec-

essary to sting Peter to liquidate Paul?

Thus the "temporary relief measure" would in all probability be a means of lifting the farmer and his banker to another high level of inflated values only to experience another fall. This is the danger of a bubble of "prosperity" based on a temporary price not justified by actual demand. The same danger lurks in all artificial—and therefore, more or less temporary—price stimuli. And the danger is greater to those industries that can only adjust themselves slowly to price changes.

It is the opposite of a prosperity built on a solid foundation, which means more and safer business for the banks and fewer bank failures.

### Lacks Dramatic Punch

THEREFORE, one weakness of the national legislative program of the Corn Belt bankers from the standpoint of safe banking is that it promises merely a temporary stimulus and carries the seed of another depression with insecure and perhaps unpayable mortgages.

But there is another weakness in this program. It would accentuate over-specialization and one-crop farming, which are the principal weaknesses of agriculture in the sections that have been most afflicted with bank failures in recent years.

Specialization in the economic life of a community means specialization in banking. Banks rise or fall with the specialty of their patrons. This is a fundamental factor in bank failures in the west since 1920.

In a community with few or no urban industries and an agriculture dependent mainly on one crop—wheat, for example—the banks prosper or decline with the yield and the price of the crop.

From a banking standpoint, such a community, as a rule, has the additional weakness of being mainly a borrowing community. It is specialized, relatively new, and without surplus capital.

The farmer-banker movement for diversification and other fundamental improvement in farming helps to build a more prosperous agriculture. It is also laying the foundation for safer banking. The principal weakness of this and similar work is that it lacks the spectacular, dramatic element necessary to satisfy the emotions



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WILLIAMS Holder Top Shaving Stick has two distinct features: First, it gives you the famous Williams lather; and, second, a holder in which the soap itself cannot work loose.

Williams lather absorbs an extraordinary amount of moisture. It works up fast, rich and bulky—permeates each bristle of the beard—soaks whiskers so soft that the razor just glides through them. Williams gives the skin that "barber's massage" feeling.

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# Williams Holder Top Shaving Stick



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"He's making a new house of his old one, improving its appearance, increasing its market value, giving it new character, new life."

"Roberts dickered with me about building a new home for some time. His wife wanted a modern Stucco house. He told me he was losing money living in that frame house; his fuel bills were out of reason, couldn't heat the place right in winter—and it was uncomfortably hot in summer."

"Furthermore, he said he had enough of laying out money year after year for appearance upkeep."

"Then he heard about Reinforced Stucco Overcoating—saw it in a magazine one day. Came to me,

asked me what I thought about it. I told him. And when he got the bids—well, he surely was a pleased man when he said, 'Go ahead.'

"Overcoating is really very simple. This is the reinforcement—a galvanized wire fabric with a waterproof paper backing—nailed right over the clapboards or shingles. You don't even need to rebuild any window frames. The Stucco is applied directly over the fabric, insuring proper thickness of Stucco and providing a strong, life-long, man-made stone wall. See how the wires are buried in the Stucco?"

"You ask Roberts about it. He knows what he is doing, alright. Col. Brown called me up about remodeling his old frame mansion. I'm on my way to see him about Overcoating it."



These two sketches show the old and the new—how the old frame house looked, and the new beauty which Overcoating gave it.

If yours is an Old Frame House, it will pay you to write to National Steel Fabric Company for Illustrated Literature containing the whole story of Overcoating with Reinforced Stucco.

Use this Coupon

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Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_



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NATIONAL STEEL FABRIC COMPANY • PITTSBURGH, PA.  
WORLD'S LARGEST MANUFACTURERS OF WELDED STEEL FABRIC

The "Port Houston" on test demonstrating its efficiency as a fire-fighter. All fire streams are supplied from two Worthington pumps.



## HARBOR FIRE-FIGHTERS of the Nation

7000 gallons of water per minute can be delivered by this fire-boat to a height of 346 feet—or 3500 gallons per minute to a height of 692 feet. It was recently placed in service by the city of Houston, Texas, to protect vessels, docks and waterfront structures in the Houston Ship Channel against fire.

Here, where millions of dollars in property and goods are at stake, pumping units must be absolutely dependable.

Two Worthington pumps are used. The choice was a natural one. Worthington was the first manufacturer with the foresight and originality to appreciate the advantages of the turbine driven pump for fire-boat service. It had also equipped the fire-boats of many important cities in which pumps of even greater fire-fighting capacity are used. The following are but a few:

New York City	Both in fire-boats and high-pressure fire lines in the city
Boston, Mass.	
Baltimore, Md.	
Washington, D. C.	
Seattle, Wash., etc.	

Whether it be pumps for fire-fighting, boiler-feeding, general water supply or any other of the thousands of services for which pumps are used, Worthington has the design, the type and the size best suited to the purpose.

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created by temporary adversity and by political agitation.

Everyone acquainted with western agriculture is aware of the limitations of a program of diversification. Soil conditions, climate, and proximity to markets offer sharper limitations than distant observers often realize. But this should not blind us to the possibilities of diversification.

The development of small industrial centers in the agricultural sections should be welcomed and encouraged by both bankers and farmers. It means less specialization and greater safety in banking. Both deposits and loans would be in several "baskets" instead of in one or in a limited few.

### Need Markets Closer Home

SUCH industrialization brings the farmer's market closer to his farm. It gives him much greater opportunities of diversification. Many products can be produced and marketed profitably only if the market is near.

Large industrial centers have come to stay. Natural arteries of transportation, and sources of coal, steel and other raw material demand it. Economies of large-scale production and of extensive standardization make concentration profitable in many lines.

But new industries are springing up in the south and in other parts of the country. This proves that the development of small industrial centers in farming regions is possible, despite the fact that it is more easily said than done.

Such industrialization brings rural and urban population closer together. It helps to break down their sectionalism, to the advantage of both.

But a safer economy for the middle west—more diversified farming and greater industrialization—is not all that is needed for safer banking in that section.

It has already been shown that laxity of state banking systems and faulty practices in local banking helped to inflate land values and to increase farm debts in the boom of 1919-20. These shortcomings also had a definite relation to the risk and uncertainty of banking as indicated by bank failures.

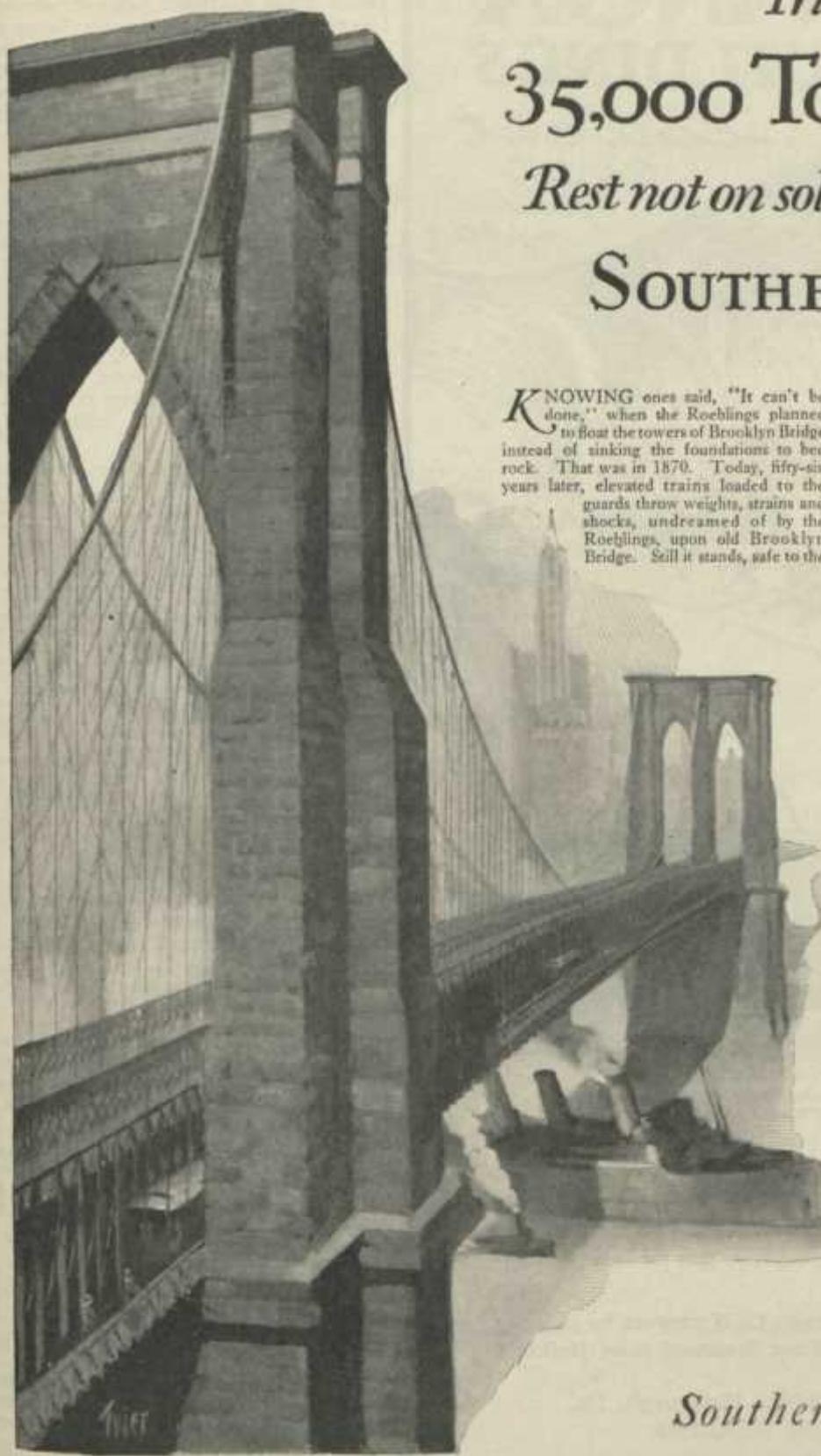
### Mid-West Over-“Banked”?

THE middle west is the most "banked" section in the whole country. This is shown by the number of banks in relation to wealth and population. Over-dilution of banking creates a competitive situation harmful both to the community and to the banks. Some of them cannot get enough business to survive, and failures multiply.

To encourage and even to permit the organization of small banks in communities already well supplied is to invite bank failures. Small banks are more likely to fail than large ones.

Of the 1,389 banks suspended in the United States in 1924 and 1925, 63 per cent had a capital stock of \$25,000 and less. The average capital of all the suspended banks was \$38,243, compared with \$100,136 for all banks. The average deposits of the suspended ones were \$281,000, compared with \$1,463,000 for all banks. The average capital of suspended banks in the middle western states was \$38,400 compared with \$85,000 for all banks. In these states the average deposits of the suspended and of the active institutions were \$322,000 and \$1,050,000, respectively.

Of the 90 state banking institutions that failed in Nebraska from 1920 to 1925, 40



*These*  
**35,000 Ton Towers**  
*Rest not on solid rock but upon*  
**SOUTHERN PINE**

**K**NOWING ones said, "It can't be done," when the Roeblings planned to float the towers of Brooklyn Bridge instead of sinking the foundations to bed rock. That was in 1870. Today, fifty-six years later, elevated trains loaded to the guards throw weights, strains and shocks, undreamed of by the Roeblings, upon old Brooklyn Bridge. Still it stands, safe to the

thousands who daily trust their lives—although unaware of it—to the strength of the Southern Pine underneath the 300 foot stone towers that alone weigh 35,000 tons each.

Upon the roofs of the sunken, floating caissons—built of layer upon layer of foot-square timbers of specially selected Southern Pine—these towers rest with a pressure of four and a half tons to the square foot.

There is no record of the tests made by the Roeblings by which they determined that Southern Pine was the strongest structural wood on earth.

But today, thousands of tests—130,000 in the U. S. Forest Products Laboratory alone—have proven that, in strength, Southern Pine excels.

The Roeblings themselves had to supervise the selection of their Southern Pine.

Today you can buy it at any lumber yard east of the Rocky Mountains—and know you are buying it because it is now possible to obtain Southern Pine that is trade-marked.

The Roeblings had to pass upon each stick. Lives depended upon the flawless strength of their timbers.

Today you will find that Southern Pine from Southern Pine Association mills is Grade-Marked as well as Trade-Marked—its quality determined by expert graders and vouched for by the Southern Pine Association.

What the Roeblings did in their structure with infinite pains and with the derision of "wise acres" ringing in their ears, you can do easily in your structure with full confidence that Southern Pine will serve you as it served them, and will continue to serve through the centuries. Millions of trees of this incomparable wood grow larger and stronger every year. Southern Pine is and will continue to be the Supreme Structural Wood of the World.

*Southern Pine*

*What It Is—What It Is Used For*

a valuable book, discusses the stresses to which the wood in your structure may be subjected. It recommends correct uses of Southern Pine. A recent publication. Send for it. It is free. Build with confidence.

*Southern Pine Association*

143 Interstate Building  
 NEW ORLEANS, LOUISIANA



\* These letters at the right of "S.P.A." identify the grade. The designation here is one of 15 grade-marks appearing on lumber from Southern Pine Association mills.

**Southern Pine—The Supreme Structural Wood of the World**

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*lowest  
cost  
per  
year*



BLAW-KNOX STANDARD  
FIRE-SAFE BUILDING

**Y**OU can recover the money lost in buildings—up to 90%. You can get back most of your loss of stock—

But when your plant is burned down and you have no way of filling orders—nobody will recompense you for lost profits—lost business—or lost good-will.

Provide against this loss which you CAN prevent by ordering a modern non-burnable Blaw-Knox Standard Steel Building.

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ALL TYPES FOR ALL NEEDS

TYPE B

TYPE B

TYPE B

TYPE C

TYPE D

TYPE E



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per cent had a capital of \$15,000 and less. Only 31 per cent of all the active banks in that state had such a low capitalization.

In comparing the failures of large and of small banks in recent years, it should be borne in mind that the smaller banks were, in all probability, more directly connected with the farming business than the larger ones. Of the 1,389 bank suspensions in the last two years, 61 per cent were located in towns of less than 1,000 population. The slump in farm prices and the weight of land mortgages probably had a more direct effect on these banks. They suffered more than others from a specialization of depositors and borrowers in one or a few crops and in one main industry or occupation.

### What Breaks Banks

**B**AD practice in local banking breaks many banks. Mr. L. A. Andrew, superintendent of banking of Iowa, whose efforts in behalf of better banking command admiration, attributes bank failures in that state to four causes.

*Excess loans.*—Practically without exception every closed bank has a number, and in many cases a large number of excess loans. These are against the law and the directors of the bank are personally liable for every one, and still these banks continually carried excess loans. In other words, they kept loaning too much to one customer.

*Loans to officers and directors and their interests.*—Nearly every bank that closed was used to a large extent as a private snap by the officers and directors.

*Capital loans.*—A bank, loaning to a customer the money with which to go into business, in many cases assumes a large share of the risk of the customer's business ability which has been found in most instances to be utterly lacking. This practice of taking an entirely unnecessary risk in the business of their customers, furnishing in many cases three-fourths, or more, of all the capital involved, has been the cause of more of the bank troubles in this state than any other one thing.

*Real estate speculation and real estate holdings,*—many times acquired by the taking of junior liens, resulting in the bank having nothing but thin equities in farms and property. This increased holdings of real estate and other real estate items is the main cause of the serious reduction in the earning power of many of our banks.

Similar reasons for unsafe banking and bank failures are found in other states.

The Bank Commissioner of Kansas says in his fifteenth biennial report (1920):

Every bank that has been in distress under the supervision of the present bank commissioner, can trace its trouble directly to loans to officers and directors.

The following is a summary of the causes of bank failures in Kansas from September 1, 1920, to July 15, 1926, compiled from the reports and records of the State Bank Commissioner:

<i>Cause of failure as reported by bank commissioners</i>	<i>Number of failures</i>
Bad loans and inability to make collections	57
Dishonesty	31
Incompetency and bad loans	14
Mismanagement and bad loans	5
Incompetency and dishonesty	4
Dishonesty, bad loans, and inability to make collections	4
Irregular practices	3
Incompetency	1
Excess loans	1
	110

A plan for permanently safer and better banking in the middle west calls for something more substantial than "temporary relief" by legislative stimulus to farm prices. An effective program should have three main parts: first, a safer economic system in the west, which would include greater diversity in agriculture and more local industries; second, better banking laws to prevent the organization of an excessive number of small banks, and to give the banking departments more authority and resources to perform their regulatory functions; and, third, a higher professional standard in banking, the development of which lies largely with the bankers themselves.

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—then imagine it  
split twelve times



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Grinding means accuracy and mechanical accuracy is essential for speed and dependability.

Grinding in recent years has revolutionized metal working methods. Grinding Wheels and Grinding Machines are employed in all modern machine shops to obtain extreme accuracy, rapid production and low cost.

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When thoughts turn toward extreme accuracy and research, they turn toward “Norton”—the machines of precision, the abrasive products of the electric furnace.

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## Who visits the Power Show—and why?

EIGHTY-FIVE thousand engineers and industrial executives visited the National Power Show in New York last year. The varied interests of these men, their caliber and the distances they traveled show the value of the National Power Show and the advantages of visiting it.

Engineers and industrial leaders interested in the economical generation, transmission, control and use of power know the importance of keeping in touch with progress.

They know that developments in this field are startlingly rapid, and that standard practice today may be obsolete tomorrow.

They know, too, these wide-awake leaders of thought and action in industry, that only at the National Exposition of Power and Mechanical Engineering in New York can they be sure of finding practically every great achievement in power and mechanical equipment, materials and supplies.

A week at the National Power Show with its exhibits, lectures, meetings and personal contacts is better than a six months' inspection trip around the world.

Plan definitely to visit the  
**Fifth National  
Exposition of  
Power  
& Mechanical  
Engineering**

Grand Central Palace,  
New York, Dec. 6 to 11, 1926

# Washington and Business

By WILLARD M. KIPLINGER

THE DISTINCTIVE thing about Washington just now is that policy-making circles are relaxed. It is the political inventory period. There is a disposition on the part of the policy-makers just to sit and look around, to listen to what various organized groups throughout the nation have to say, to weigh the merits and the politics of different proposals, and to keep the mind open. The active policy-making period will not really begin until late November and December. Now is a time of calmness.

The surface appearance of this situation is entirely different, however. You hear more wild rumors in Washington now than at any other time of year, and these find their way out to the country through channels of news dispatches, political speeches, business bulletins and mouth-to-mouth gossip. They often reflect not especially what *will* be done on a multitude of policies affecting business, but what the various groups *hope* will be done. The error comes in assuming too much certainty about these matters.

I happen to know at least thirty groups of business men, now organized or perfecting their organizations to "put across" some government policy touching their affairs, either by legislation in the December session of Congress or by "persuasion" of the administrative departments. Many have obviously meritorious and wholesome propositions. Checking the aims against each other and against certain hard-and-fast governmental situations, however, discloses that all cannot be successful, and that many are proceeding on false premises.

There is a certain gullibility in people about Washington affairs. A business man who would not think of embarking on some new commercial enterprise without checking from all angles, interested and disinterested, will come to Washington, talk to two or three men, and go home with the feeling

that he has the correct line on a future policy touching him. He ought to talk to twenty or thirty, including those on the other side of the fence from his own set of ideas. A whisper, an idea, in Washington solidifies a "sure thing" when it gets passed around outside Washington.

There are certain fountain heads of policy-making in Washington. The President, the Cabinet, the sub-officials, and leading members of Congress are at the center of things. But closely allied with them are the influential politicians, the hard-headed executives of powerful trade associations, and a multitude of individuals, both in and out of Washington, on whose judgment the inside policy-makers rely. Then there is the fringe of buzzers and gossipers, who sometimes reflect accurately and who sometimes don't. Contact with and appraisal of all these elements, not merely one or two of them, is essential even to an approximate foreknowledge of Washington policies.

Mr. Coolidge went fishing for the summer at a relatively inaccessible camp, yet conferred with scores of business men and politicians, did a little systematic talking to correspondents, and received more day-to-day publicity than any President since Roosevelt. The President fished and "the President's spokesman" kept the ears of the nation busy without impairing the reputation of "the silent President."

Most persons understand, but some do not, that the Congress elected in November will not take office until December, 1927, and that the Congress which elections convenes this coming December will not contain the new members, except those chosen to fill vacancies caused by death.

It should be borne in mind that a good



PHOTO BY VAN ZINE, WASHINGTON  
Every visitor to Washington passes the home of the President, but how many know where or how the Vice-President lives? Here is the home of Vice-President Dawes, 1620 Belmont Street, N.W. The office carries with it an official residence.



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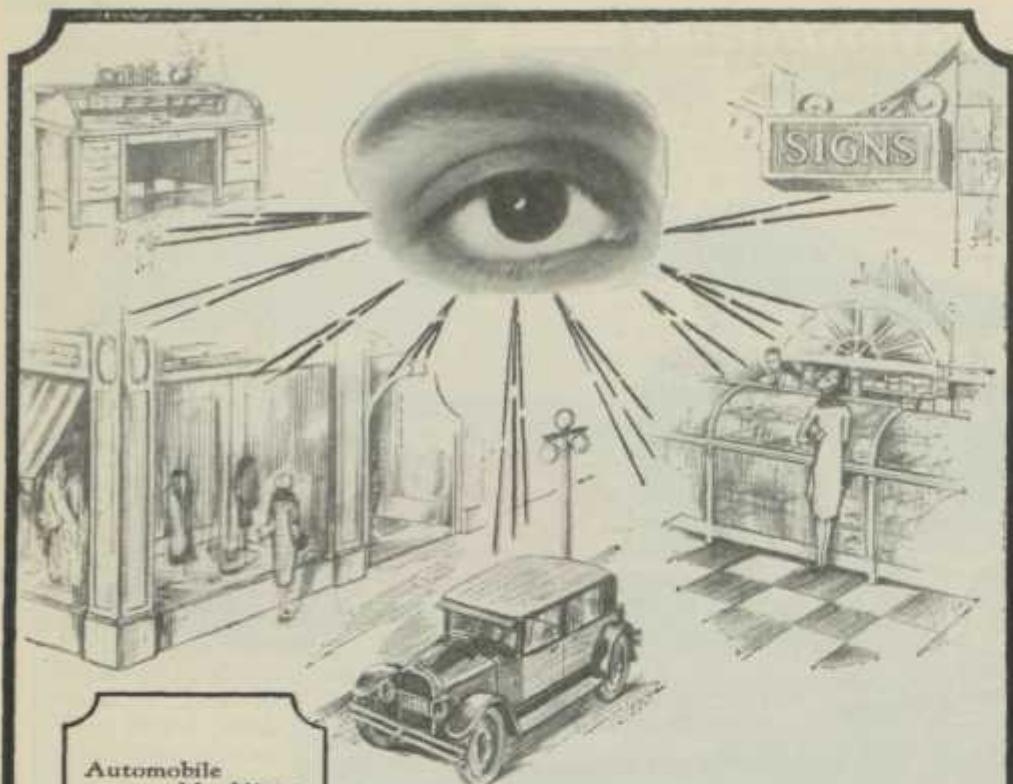
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share of the really important bills pending before the next session will fail of final enactment. Mortality will be Congress heavy for those on which there is not a fair degree of unanimity, or those which do not have strongly organized push from groups outside of Congress. The time will be so short, and will be so crowded with the work on appropriation measures, that delay will be an effective weapon against most bills, regardless of merit.

Furthermore, there will still be these issues for protracted discussion and wrangling: Election campaign funds, prohibition, foreign debts and "foreign insults," and trusts.

The Treasury ought to have a surplus of current receipts over current expenditures for the year ending next June 30 of 200 to 250 millions (my guess, not official).

**Taxes** This might be applied to tax reduction by Congress at the coming session, but the chances are growing stronger that it will be applied to debt curtailment, and that tax reduction will not come until 1928. Despite the revived advocacy of the use of interest on foreign debts on tax reduction, I think the Treasury will prevail in its policy of using these to retire the outstanding public debt.

The new Joint Committee on Internal Revenue will meet in November and receive suggestions on tax revision throughout the session, looking mainly to simplification of the tax gathering system, but important results from it should not be expected before 1928.

Two things seem to be evident: (1) That a combination of Democrats and Western Republicans will make tariff revision a leading subject for discussion in Tariff the next session, and that

many lines of industry affected vitally by the tariff will be nervous. (2) That when the session closes, the Fordney tariff rates will still be standing. 1928 will be tariff year.

Chances of favorable action by Congress on a plan for liquidating American and German war claims have been improved by

Germany's payment of \$5,000,000 on American claims under the Dawes plan, and by the general increase of Germany's economic stability. It is too early to count definitely on action by Congress at the coming session, however. Democrats are still hostile to the proposed liquidation plan.

American government policy is precisely what it was before all the hullabaloo from France and England last summer over cancellation and revision: Insistence on settlements and their execution in good faith for the following reasons:

(1) The American Government is trustee of the American people for collection of these debts, and is legally and morally bound to make the best settlements possible; (2) Settlements are desirable in the interest of the debtors to maintain world principles of responsibility, which are considered essential for carrying on.

Regarding the Philippines, there is little doubt that the Administration will try to have Congress approve a definite policy and status for the Islands, retaining American

control for a number of years, and thereby paving the way for large American developments which are now in suspense awaiting a crystallization of policy.

All Administration talk continues to revolve around a plan for a government fund for loans to agricultural cooperative marketing associations, along the Agriculture lines of the Fess-Tincher bill which was defeated in the last session of Congress and which will be reintroduced in revised form at the next session. The Administration will continue to oppose the McNary-Haugen plan.

The prospects are that the entire subject of agricultural relief will remain in suspense until 1928.

Certain quasi-public organizations are studying the current movement toward combination of industrial and trade units and are preparing to blow open "Trusts" the question by charges that anti-trust laws are being violated wholesale. It seems that the question will be active in the next session, and that names will be named. Meanwhile the Department of Justice is known to be working on new anti-trust actions to be instituted later. They will not be of muck-raking variety.

The Federal Trade Commission is not disposed, on account of lack of funds, to undertake the investigation and report on business combinations requested in a round-robin petition by a group of senators, along the line of the Walsh resolution, which Congress failed to pass at the last session. The Federal Trade Commission is continuing its investigation of open price associations, but a finished report is a long way off. Administration appointees hereafter will control the Trade Commission.

The Department of Commerce, through its new Assistant Secretary, William P. MacCracken, is already making rapid progress in organization of commercial aviation facilities under the new law. One interesting survey is intended to show the inter-city routes on which private commercial air routes would be profitable. Cities planning airports will soon be able to get much valuable assistance from the Department.

The McFadden branch banking bill is in the oddest position of any bill for years. It has passed both houses and is stuck in conference, while the hottest fight in the bill's three years of history is being organized. The Hull amendments provide the sticking point. They seek to prevent further extension of branch banking for member banks, even in states which hereafter legalize it. One group of anti-branch bankers, sponsored by the American Bankers Association, assumes that it can jam the Hull amendments through. Another group, mainly anti-branch national bankers, thinks the Hull amendments will not be acceptable to the Senate and that compromise on them is essential to save the bill. Thus the bill is caught between its friends. From my own information, I think the latter group has judged the situation more accurately and that the Hull amendments in their present form cannot pass the Senate. At this stage I even think there is considerable chance that the whole bill may not get through.

This bill contains the important provision



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# Those vital

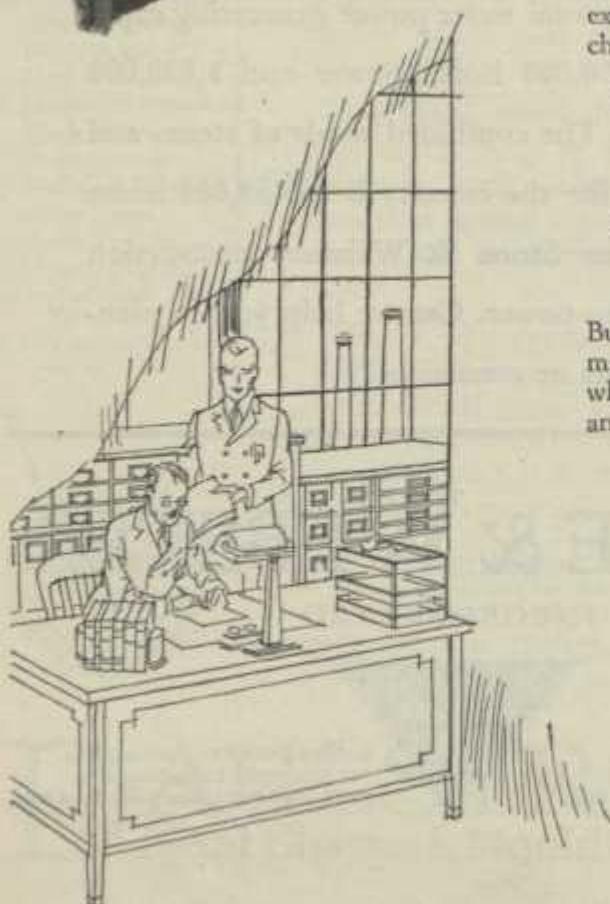


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Good business sense demands adequate, *complete* protection—*always*—against fire. No speculation can be permitted to exist as to the safety of vital books—records of sales, purchases, orders, etc. And there is only one way to make sure—

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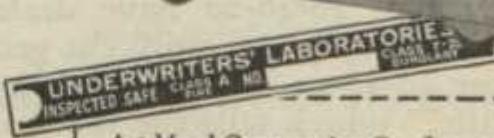
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Yes, if it is painted with 40-40-20, the new outside house paint. 40-40-20 is brilliantly white when the painter first puts it on and it *stays* brilliantly white this year—next year—every year of its long life.

Home owners prefer 40-40-20 because it gives a pure, lustrous, permanent white, yet costs no more than other good paint. It covers well, brushes out easily and leaves an excellent surface for repainting when this finally becomes necessary.

40-40-20 was perfected six years ago by The New Jersey Zinc Company after exhaustive laboratory research and experiment. It has been tested in every conceivable way for wear and weather resistance.

40-40-20 is made by a constantly increasing number of paint companies. These manufacturers are authorized to use the registered trade-mark 40-40-20 on their labels. They prepare 40-40-20 in white and many beautiful tints mixed ready to use, or in paste form for the master painter's use.

Manufacturers of 40-40-20 have dealers all over the country who can supply you with the genuine. Ask your paint dealer for 40-40-20. A copy of the booklet "When White is White," which tells the whole story of this remarkable paint, will be sent you free upon request.

**The New Jersey Zinc Co.**  
160 FRONT STREET  
New York City



When writing to THE NEW JERSEY ZINC COMPANY please mention NATION'S BUSINESS

for rechartering of the federal reserve banks, and although there has been some discussion of taking this out for separate consideration, it does not seem probable at this time. Later circumstances may change this.

The railroad consolidation bill will pass the House first, but it will have a hard time in the Senate because death has removed Senator Cummins, the

**Railroads** only real well-informed senator on complex consolidation questions. The opinion seems to be growing, both in Congress and within the Administration, that railroads will have to be left relatively free to work out their own consolidations, with some legislation to broaden the powers of the Interstate Commerce Commission to adjust reorganization disputes without having to veto the entire proposition. It is interesting to note that railroads are really going ahead with consolidations, or the legal equivalent—some spectacularly, some very quietly. Prospects of the railroad interest bill in the next session are still doubtful, but chances seem to be improving. Railroad men fear that Congress will pass the bill abolishing Pullman surcharges, but I think this not likely. There has been very little echo in Washington of the denial of a five per cent rate increase for western railroads.

Railroad unions and managements are proceeding to arbitrate the wage demands without any signs of great difficulty at the time this is written. This makes **Labor** no real test for the newly created Board of Mediation and the other machinery for settlement under the Watson-Parker law. Labor relations as a whole are steady.

Recommendations on how to effect regulation of interstate bus and truck traffic will be formulated by the Interstate Commerce Commission in the next two **Motors** months, as a result of the Commission's investigation this summer. Truck owners have not yet withdrawn their opposition, and they can prevent passage.

### A Junior Entente Cordial

**D**R. S. PARKES CADMAN is sponsoring a novel idea for promoting understanding and good will between Japan and the United States. The Federal Council of the Churches of Christ in America of which Dr. Cadman is the President conceived the idea of promoting friendship through the children of the two countries. Each year there is a festival in Japan at which all the dolls of a family for many generations are brought out of storage and inspected by the whole family and all their friends. American children are asked to send their dolls to the Japanese children so that an "entente cordial" may be established and the youngsters of both countries develop a sense of comradeship.

Boys, as well as girls, can make themselves useful in this movement. It is necessary that tickets be bought and passports secured as well as other business arrangement be made. Information about the movement may be obtained from The Doll Travel Bureau of the Committee on World Friendship Among Children, Mrs. Jeannette W. Emerich, Secretary, 269 Fourth Avenue, New York City.

# Masterbuilt Floors

HARDENED DUST-PROOF CONCRETE



POWER plants represent long time investments, based on generations of service. Consequently structural permanence is a primary necessity.

Here again Masterbuilt Floors prove the ideal floors—floors that will stand up for decades under the incessant jar and vibration of huge steam turbines and generators.

Such power companies as Alabama Power Co., New York Edison Co., Niagara Falls Power Co., West Penn Power Co., Public Service Co. of No. Illinois, Public Service Co. of New Jersey, New Bedford Gas & Edison Light Co., the Broad River Power Co., Commonwealth Edison Co., Public Service Electric Co., and scores of others have assured floor permanence with Masterbuilt floors.

The famous Yale Bowl, constantly exposed for ten years to blistering sun, biting cold and blinding rain, subjected to the grinding wear of millions of stamping, scuffing, scoured feet; but the Masterbuilt hardened concrete floor installed throughout the stands makes it impervious to the onslaught of mauling throng and unceasing weather wear.

HERE are ordinary concrete floors and *Masterbuilt* concrete floors. It's the latter that have a flint-hard, wear-resisting surface, impervious to time and traffic and weather.

A *Masterbuilt* Floor is a combination of *methods and materials* originated and perfected by The Master Builders Company, which produce a hardened, wear-proof, dust-proof, water-proof concrete floor—in colors or natural gray. Sixteen years of outstanding *proof by performance*. There is a *Masterbuilt* Floor to meet your requirement no matter what the type of traffic.

*Ask your architect!*

THE MASTER BUILDERS COMPANY  
CLEVELAND, OHIO

Sales Offices in One Hundred Cities  
Factories at Cleveland, Ohio and Irvington, N. J.

*Not a general specification for all uses but a method which recognizes differing needs and provides tested means of meeting each. Write us your needs and receive illustrated brochure and full data, free.*

## Individual Attention

No matter what your business, there is someone in this organization qualified and ready to give it his individual attention. Indeed, the personal element has been a vital factor in placing this institution foremost among Chicago banks

### *The* **CONTINENTAL and COMMERCIAL BANKS** CHICAGO

RESOURCES HALF A BILLION—AND MORE

## What Trade-Marks Really Mean

By KARL FENNING

*Professor of Patent Law, Georgetown University*

IT IS NOT generally realized how little protection trade-marks offer. The men who manage and pay for advertising campaigns—and for eighteen manufacturers alone it amounted to over \$600,000 last year in 21 magazines—probably don't realize that the trade-mark that their advertising carries throughout the country is not necessarily their sole property. They will be surprised to learn that there is a bill now pending in Congress to revamp all our national trademark laws which provides for divided ownership of trade-marks, one man owning and registering it for one part of the country and another for another part.

Although trade-marks have been used for centuries, their control by statute or definite law is a comparatively recent development. Congress passed a law in 1870 but the Supreme Court later held it invalid. The court pointed out that trade-marks are entirely different from patents and copyrights, the Constitution granting to Congress exclusive jurisdiction over the latter, but not over trade-marks. Therefore Congress has no specific power to legislate with respect to trade-marks, but may do so only under the general power to regulate interstate and foreign commerce.

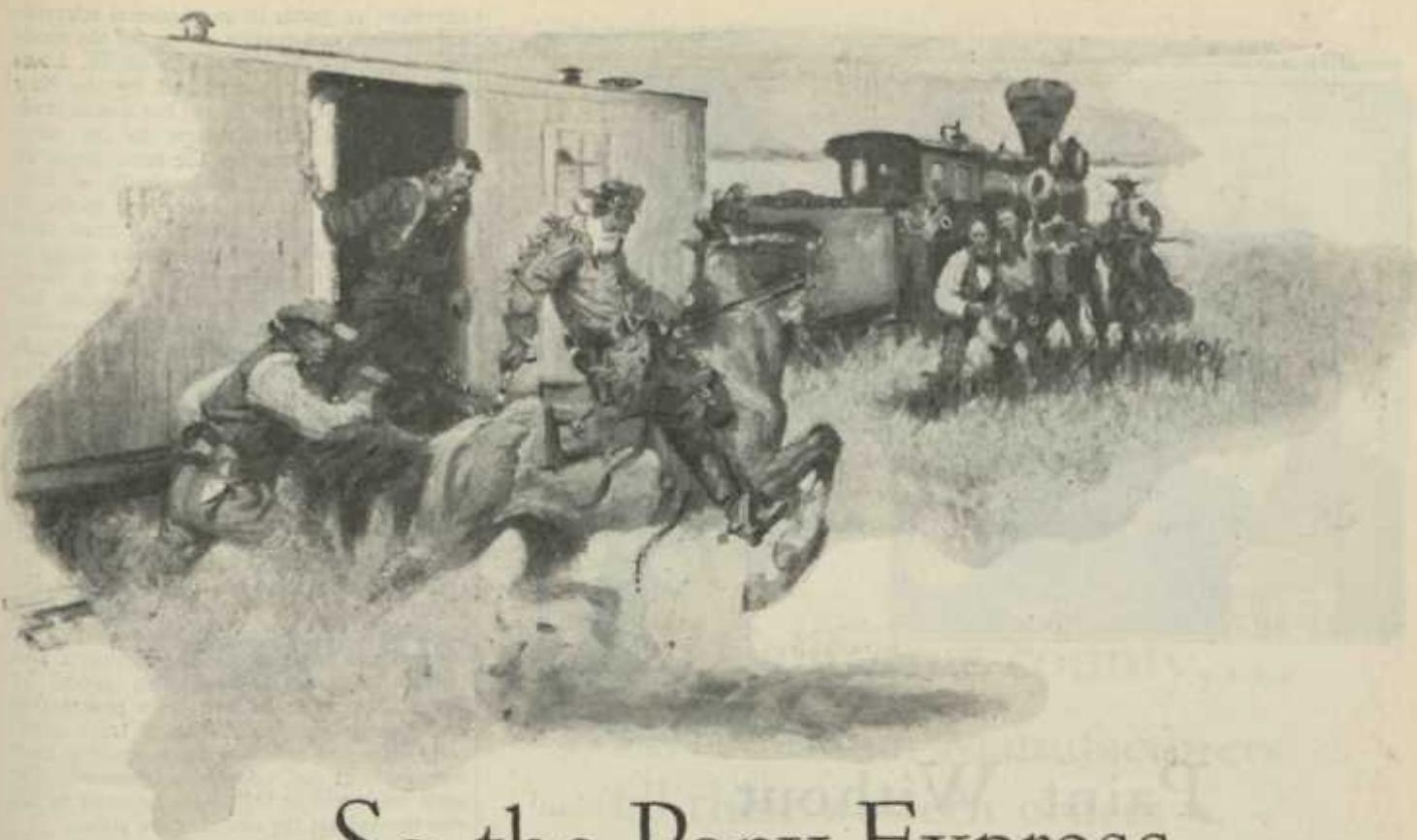
The court further pointed out that a trade-mark right is not acquired by invention or origination, but rather by its use in trade as the identifying mark of some goods.

### Trade-marks Go With Trade

IF YOU sell goods in New England, your trade-mark rights are good there; but you have no trade-mark rights west of the Mississippi until you have sold goods there that bear the trade-mark. According to the Supreme Court, "The mark itself cannot travel to markets where there is no article to bear the badge and no trader to offer the article."

There was a drug manufacturer who adopted a trade-mark and established it throughout New England. The business grew and expanded further west. When it reached Kentucky, the manufacturer found that another druggist had adopted and used the trade-mark. The New England owner did what any other normal business man would have done under similar circumstances. He sued the man he found using the same trade-mark in Kentucky. He then received a severe shock because the courts decided against him. The case went to the Supreme Court of the United States which pointed out that the New Englander had no right to his mark in any territory in which he had not used it. The owner having confined his use of the mark "to a territory wholly remote from that in controversy must be held to have taken the risk that some innocent party might in the meantime hit upon the same mark, apply it to goods of similar character and expend money and effort in building up a trade under it."

The Kentucky manufacturer, having adopted and used the mark when it was not being used by anyone in the neighborhood, had, by that very fact, acquired an inextinguishable right to continue the use of the mark. Obviously, the result of this is that the New England owner of the mark may



# So the Pony Express could leave "St. Joe" *on time!*

AT the Pike's Peak Livery Stable in "St. Joe," on those historic Saturday nights of '60 and '61, waited an intrepid rider and an eager, quivering horse of the Pony Express.

Waited for the mail train from the East—with a Lincoln proclamation, an order in the President's handwriting, a state paper, news, important letters for the far West—the urgent communications of a feverish period.

Minutes were precious. Now a change had come, saving many minutes. The train in, there was no wait while the mail was prepared. Horse and rider were off, from the train, to "the deadly desert . . . the sand storm, the mirage, the hell of thirst, the dangerous Indian tribes."

For the pioneer Chicago, Burlington & Quincy Railroad, which brought the mail to St. Joseph, had conceived and put into service the first railway mail post office. Now the packets of letters and dispatches were made ready on the train—so the Pony Express could leave "St. Joe" *on time!*

It was the origin of a great national service, the United States Railway Mail Post Office of today. But more than that, to the Burlington railroad, it was the birth of two sacred words.

*On time!* What is more important in a railroad's service? Railroad schedules regulate the very



## For 75 Years

*The Burlington has completed seventy-five years of successful railroad service. The Burlington has never been in the hands of a receiver; it has never defaulted on a financial obligation. The Burlington has counted success as necessary to a survival existence. It knows no other way to provide the high class of service the public has demanded and which the Burlington has made its first purpose*

*H. C. Alderson*  
PRESIDENT OF THE BURLINGTON

For 335 days in one year a Burlington passenger train completed its run from Chicago to Denver, 1,028 miles, *on time*. A world's record!

For months at a time the fast mail trains of the Burlington, which have carried the governor's mail from Chicago to Omaha for 42 years, have not been late by a single minute!

An "*on time*" system is back of the Burlington's reputation as an "*on time*" road. Fifty thousand employees are fired with the importance of it. Tracks and equipment are maintained at a standard to meet it.

Take an example of the precision of this system: Automatic speed recorders on Burlington passenger locomotives report to the management exactly the performance of each train over every mile. Prescribed speeds are checked. Thus is insured the *uniform, comfortable and safe* speed which travelers have come to associate with Burlington trains.

life of our cities today, says Harrington Emerson, the efficiency engineer. Born of a need in '61, these two words mean even more on the Burlington today. They are carved deep in its purpose. See the result:

Such a degree of perfection in train operation is possible on the Burlington. Seventy-five years of *successful* management have developed the fair road-beds, dependable equipment, and the quality of human skill that insure consistent "*on time*" service.

# The Burlington Route

*The National Park Line*

Burlington  
Route

*Everywhere West*

1,500 MILES OF RAILROAD IN THIRTEEN STATES



## Paint Without Interrupting Production

BEMIS BROS. BAG COMPANY writes: "We used two men with Figure 120 Matthews Equipment. One getting 35c and the other 40c per hour. On straightaway painting (concrete ceiling) such as the large room on the third floor (printing press room), the cost of applying mill white was \$0.002 per square foot for the first coat, and \$0.0015 for the second. As you know, this room is filled with machinery which was kept operating except when the men were directly above the presses. These cost figures also include moving the scaffolding." The Bemis Bag Co. experience was made possible by a correctly designed complete portable Matthews Mechanical Painting Equipment and the patented Air Envelope Gun. Send for "Mechanical Painting For

Maintenance." This is a 12 page booklet that will answer many of the questions you will want to ask about your painting problems. Tells about mechanical painting in general. Gives comparative costs on brick, corrugated iron, stucco, weatherboard, shingle roofs, tanks, all kinds of interior surfaces. Gives full information regarding the different kinds of materials handled and how to select them. Shows photographs of different equipments and close ups of various units in their make up. Gives extracts from 14 letters received from prominent manufacturers regarding their experiences. Has a page of questions and answers. Tells about free instruction to your men and service you can expect. Send for this booklet to-day.

# MATTHEWS MECHANICAL PAINTING EQUIPMENT

MANUFACTURERS OF INDUSTRIAL EQUIPMENT

SINCE  
1899

W. N. MATTHEWS CORPORATION  
3758 Forest Park Blvd. St. Louis, U. S. A.

### Get These



"Mechanical Painting for Maintenance" is described above. The W. N. Matthews Corporation manufactures a complete line of mechanical painting equipment for product finishing. If you are interested in finishing equipment ask for booklet, "Mechanical Equipment for Product Finishing."

advertise his goods in any national advertising medium, and anyone calling for the goods by trade-mark in Pittsburgh or St. Louis will get the goods advertised by the New England owner of the mark; but a man reading the same advertisement in the same magazine and asking for the same goods by the same trade-mark in Louisville or Lexington, cannot get the advertised goods of the New England advertiser, but must take the thing put out by the Kentucky druggist.

Purchasing for many individuals is based not on what a salesman says of goods, but on what kind of a reputation the manufacturer has established by long and expensive advertising campaigns. So important has the trade-mark factor become in buying that telephone directories are carrying listings of trade-marks so that users of the telephone can get trade-marked goods even when they don't know the name of the dealer handling them.

There is another interesting case. A flour manufacturer with a plant north of the Ohio sold flour under a trade-mark in the middle west. His business flourished and gradually expanded on all sides. When he reached the neighborhood of Alabama and Georgia with his trade-marked goods, he found that while he had been progressing comfortably and building up a trade gradually extending into new fields, another flour manufacturer had adopted substantially the same mark and established a business of his own throughout the southeastern states.

### Common Law Holds

A LAW suit was started that was in time appealed to the Supreme Court of the United States. The decision was based solely on the common law and held that each party was entitled to the mark in his own territory, and that, consequently, the middle-westerner could not sell his flour in the southeastern states under his own trademark. "When two parties independently are employing the same mark upon goods of the same class but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant."

The Supreme Court has said that it was not the law "that whenever the first user of a trade-mark had been reasonably diligent in extending his territory of his trade and as a result of such extension has in good faith come into competition with a later user of the same mark, who, in equally good faith, has extended his trade locally before the invasion of the field by the first user, so that finally it comes to pass that the rival traders are offering competitive merchandise in a common market under the same trade-mark, the later user should be enjoined at the suit of the prior adopter."

A registered trade-mark has several advantages over an unregistered mark. One advantage is that any lawsuits may go to the federal courts at once; while, in the case of an unregistered mark the federal courts have jurisdiction only if the parties to the suit live in different states and if the amount involved is over \$3,000.

A second advantage is that treble damages may be awarded in the judgment of the court for the infringement of a registered trade-mark. This is within the discretion of the court and is applied usually in cases where malice or fraud has been shown.

A third advantage is probably the greatest. It is the psychological advantage of showing "Trade-Mark Registered U. S. Patent Office." This whole question of federal registration is



From this one rich California county,...

127 National Manufacturers  
fill their western orders ~ ~

*W*ITH ALL the West to choose from, 127 great industries have selected Alameda County as the location for western branch factories and warehouses. (Chance or conjecture do not enter into this overwhelming preference. Each of these industries had studied the West Coast thoroughly before choosing this community. And in every case the decision was based on some tangible business advantage available here.

(For many of them, the deciding factor was the central position on the Coast with the resulting freight advantages. For others the chief attraction was abundant cheap power. Or it might be the excellent working climate, the highly skilled labor, the easy access to the Orient, the low cost of factory sites or any of a number of other outstanding advantages which influenced them.

(One element interested all of them . . . the presence of 318,000 people in this one county, and the presence of 1,610,000 people within a 50 mile radius of Oakland.

(In this day of de-centralization of industry and distribution, Oakland and its sister cities will inevitably become the center of western manufacturing and selling.

(Any industry that contemplates a Pacific Coast plant will do well to investigate the basic advantages which have already led 127 national manufacturers to choose this location.

We will prepare a technical industrial report for any industry interested in a Pacific Coast location.



Industrial Department Oakland Chamber of Commerce

**OAKLAND [AND ALAMEDA COUNTY] CALIFORNIA**

"Industrial Capital of the West"

EVERY ROOF NEEDS INSULATION



*Insulating the concrete roof deck of the Phenix Dairy Company's building, Houston, Texas. 11,808 square feet of 1½-inch and 1620 square feet of 2-inch thick Armstrong's Corkboard were applied, each thickness in a single layer.*

## Adequate insulation for your roof in a single layer

A ROOF, properly insulated, means year 'round comfort in offices and work rooms located on top floors or in single story buildings. It means protection from the sun's heat in summer. It means uniform warmth in winter with a saving in fuel sufficient to pay for the insulation in just a few seasons.

But *proper* insulation means *sufficient* insulation, and it is one of the outstanding advantages of Armstrong's Corkboard that the thickness required to give the best results can be laid in a single layer. Supplied in boards from one to three inches thick, Armstrong's Corkboard can be applied at a lower labor cost than with thin materials, which have to be built up in successive layers.

From every standpoint Armstrong's Corkboard is the most practicable material obtainable for

the insulation of roofs. It is moistureproof and will not buckle, swell or shrink. It is fire retarding and will not ignite from sparks or embers. Neither will it smolder nor carry fire. It makes a firm, substantial base for any standard roofing, which is applied over it in the regular way.

Roofs of old buildings, as well as new, may be insulated with Armstrong's Corkboard. The cork is laid over the old roofing in asphalt or pitch and new roofing is then laid over the cork.

Complete information regarding the advantages and savings of insulated roofs is given in the 32-page book, "*The Insulation of Roofs with Armstrong's Corkboard*." If you are troubled with sweating ceilings, ask for the book, "*The Insulation of Roofs to Prevent Condensation*."



ARMSTRONG CORK & INSULATION COMPANY

(Division of Armstrong Cork Company)

195 Twenty-fourth Street, Pittsburgh, Pa. McGill Bldg., Montreal, Que.  
Armstrong Cork Company, Ltd., Sardis House, Kingsway,  
London, W. C. 2, England

Branches in the Principal Cities of the United States

# Armstrong's Corkboard Insulation

for the Roofs of All Kinds of Buildings

When writing to ARMSTRONG CORK & INSULATION COMPANY please mention

not thoroughly understood by business men; and there is a general impression that there is a good deal of protection inherent in registering a trade-mark; so at any sign of infringement a little loose talk about invoking the Federal Government is usually pretty salutary. But there is the other side of the case, in which a little loose talk of invoking the Federal Government has been used for blackmail purposes.

The present United States Trade-Mark Registration Law specifically provides that registration in the Patent Office shall not take away any rights at common law. This theory is so ingrained in the legal profession that even the bill now pending in Congress contains the following in Section 25:

Nothing in this act shall prevent, lessen, impeach, or avoid any remedy at law or in equity which any party aggrieved by any wrongful use of any trade-mark might have had at common law; nor shall anything in this act deprive a defendant in a suit upon any registered trade-mark or in any proceeding under this act of any defenses against the validity of the trade-mark which he would have had if the trade-mark had not been registered.

Manufacturers, advertisers, business men, and purchasers will probably not see the justice in applying the common law doctrine that the trade-mark goes only with the trade under modern conditions. There is a group of lawyers that holds that with the expansion of advertising and communication Congress should take a different stand for the protection of the purchasing public and the protection of the trade-mark owner. Ever since the decision by the Supreme Court on the 1870 law, the courts and Congress have been reluctant to put in force strong federal control of trade-marks.

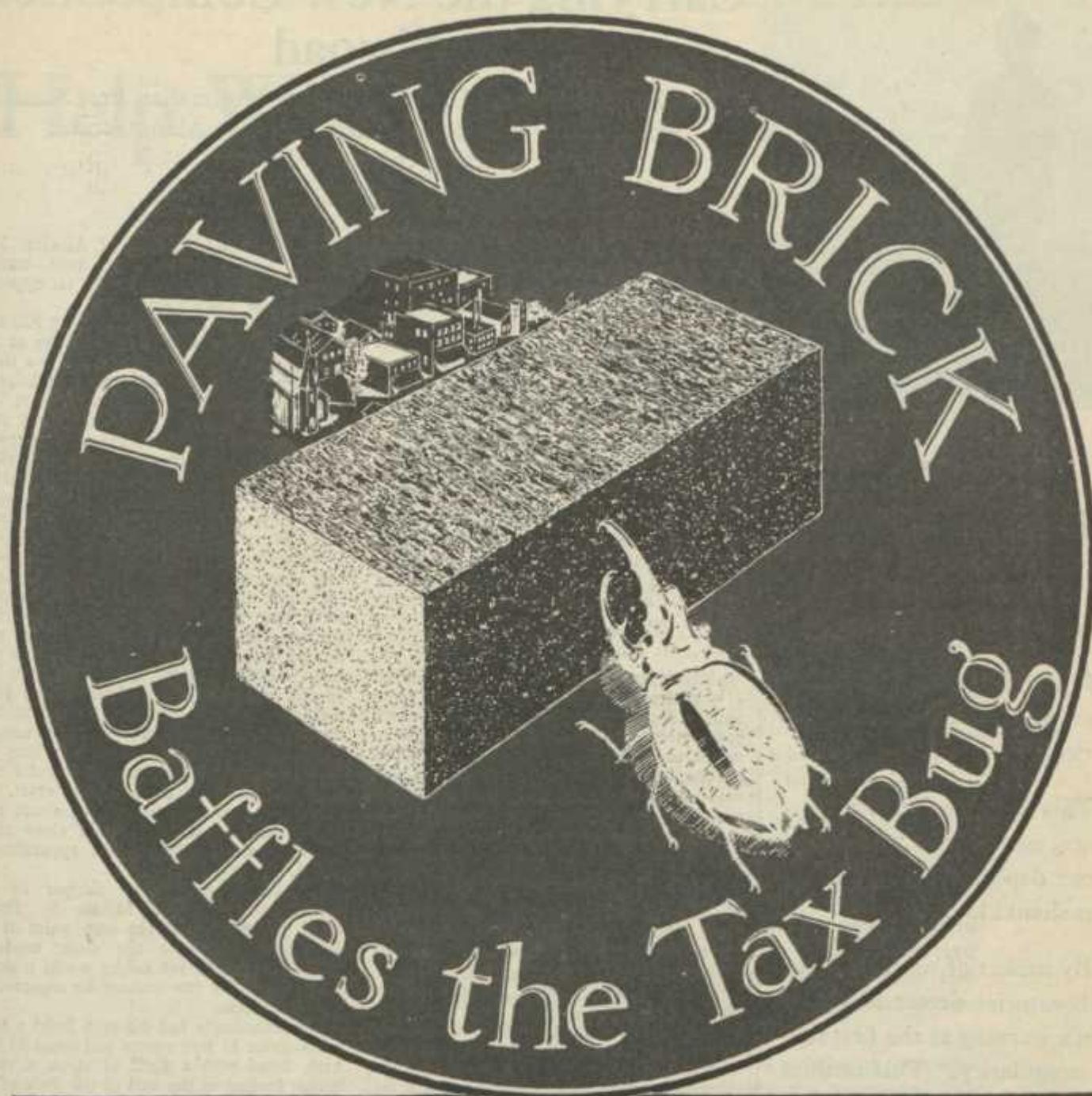
### Registration the Solution

THE point of view of these lawyers is this, that the owner of a trade-mark which has been used between two or three states should be the only person to employ that mark on goods of the same sort in commerce between any of the states. The small manufacturer then would be free to advertise his goods nationally, and, with confidence that when success came to him, he would not find that someone else had preempted a choice or distant field and was reaping the benefits of his advertising and impeding his progress.

Of course, their argument runs, the law to be fair should provide means of notice or information so that no one might innocently adopt in New England what has already been adopted in the middle states, for instance. This, however, could be done if the national rights to the use of a trade-mark should be granted not to one who has merely used the mark, but only to one who has deposited the mark and procured registration of it in the Patent Office. The records of the Patent Office would then provide the field for search, and any one adopting a mark already registered would know that he was taking something that he could not keep. Similarly, one adopting a mark that was not registered in the Patent Office would have some assurance that he could continue the use of the mark in interstate trade after registering it himself.

The basis for this argument is clear. One reading an advertisement of goods under a registered trade-mark would enter any store in the United States with the confidence that the trade-mark would correspond to the advertisement. The same article would be sold from Boston to San Francisco.

*Nation's Business*



## THE PAVEMENT THAT OUTLASTS THE BONDS

**TAXES!**—the increasing bugbear of business. In 1924, according to figures collected by the *National Industrial Conference*,  $\frac{1}{3}$  of our national income was consumed by taxes.

One of the most effective personal contributions you can make to the battle against swollen taxes is to advocate *vitrified brick pavements* in your community.

Impress on your neighbors and associates the radical difference in cost between a pavement which will last only eight to twelve years, requiring during that period considerable annual budgets for upkeep and repairs, and a pavement which will give upwards of twenty years' service with little or no maintenance cost.

Urge vitrified brick—the pavement that *outlasts the bonds*.

Convincing facts and figures, taken from public records, will be gladly supplied any voter on request.

NATIONAL PAVING BRICK MANUFACTURERS ASS'N.  
Engineers Building, Cleveland, Ohio

VITRIFIED  
**Brick**

VITRIFIED  
**Brick**

VITRIFIED  
**Brick**

# Carrying the New Competition Abroad

The Experience of the U. S. S. *Medusa* in Australian Port Should Put a Bee in the Bonnet of the American Manufacturer Seeking Overseas Markets

By CLIFFORD ALBION TINKER

THE printing-press and the photo-engraver's art have combined to popularize domestic selling campaigns. They have, as well, dulled the keen edge of curiosity in overseas fields, and actually retarded selling in those lands where illiteracy rules.

There is need of a rejuvenated "selling sample" campaign abroad. Such a method is nothing new under the sun. In the days of the early voyagers whole empires were "bought" with a bolt of colored cloth, a string of glass beads, or a rusty blunderbuss. Many a skipper and seaman of the clipper ship era pieced out a scanty pay certificate by carrying knicknacks to outlander shores and trading them out on shares. A principle so old and so universally successful should be adapted to every phase of commerce.

## A Plan to Gain Trade

A FEW years ago something was planned in the way of an "exposition ship" to be sent to the trade marts of the world where prospective customers might see for themselves, might handle and inspect, the actual commodities our industries produce, and, with units under operation before their eyes, might become familiar with the superiorities of American-built machinery. It was proposed that some of the large Shipping Board vessels be so outfitted, but nothing came of it. That it was a practicable idea is shown by the experience of the naval repair ship *Medusa* which accompanied our fleet to Australasia in the late summer of 1925.

When the fleet entered Melbourne Harbor, Australia, on July 25, such hospitable preparations had been made for its reception that it was decided to give the populace as much of an opportunity to inspect the ships as docking facilities would permit. So, while some of the battleships and train were obliged to anchor in Hobson's Bay off the port, Battleship Division Three and the flagship *Seattle* were moored at Prince's Pier, the whole destroyer force at Victoria Dock, while the *Medusa* and the cruiser

*Richmond*, flying the flag of Admiral Ma- gruder, commander of the light cruiser squadron, were assigned berths on opposite sides of the Town Pier.

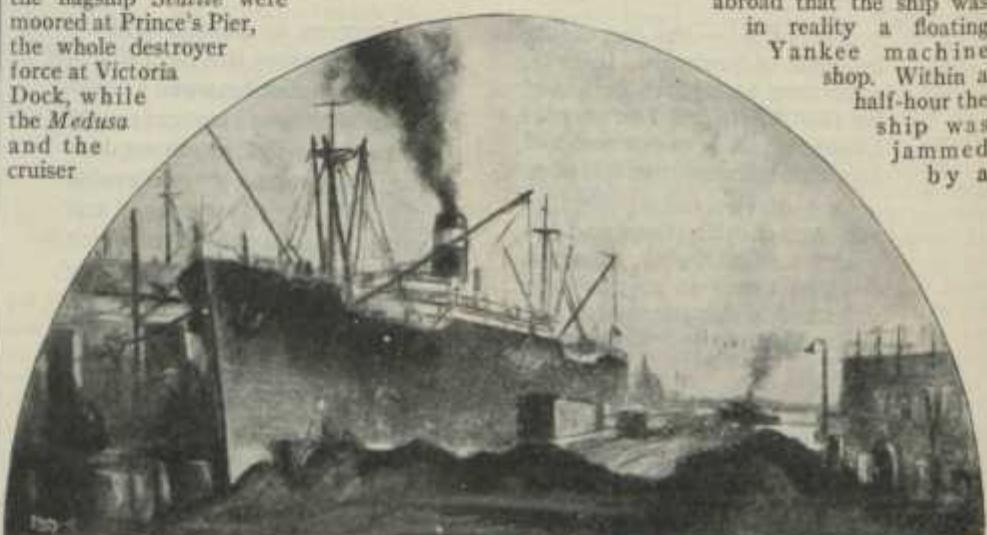
This pier is a long one, is about 200 feet wide, and is connected to the center of the city by a cable tramcar route. It is a short quarter of a mile from the head of Prince's Pier and but a few hundred yards from Victoria Dock. This detailed location of fleet units is given to show that visitors could easily walk aboard ships at any one of three several points, and that flagships, battleships, destroyers, cruisers, and other spectacular types of fighting craft were easily available to the curious.

Naturally, the social features of the fleet's visit centered about the flagships and fighting craft; thus the newspaper writers gave their best rhetoric to those ships. But among the crowds elbowing their way around the decks of these fighters, here and there were keen-eyed men, notebooks and pencils in hand, jotting down names from maker's plates on dynamos, "spud" peelers, blowers, winches, dishwashing machines, clothes driers, and others of the long list of mechanical devices and automatic machines found on latter-day naval craft. In some way the news was noised about that a visit to the *Medusa* would show these machines and almost human apparatus in action.

In the meantime, the skipper of the *Medusa*, Commander Milton S. Davis, U. S. N., noted that the high waist of his ship towering above the dock, made it probable that the sea ladder would make it difficult for the few visitors he expected to gain her decks.

He accordingly had his men build a platform about 12 feet square and some 15 feet high, fitted with a flight of steps, a railed bridge leading to the well of the deck of the ship, and securely anchored to the dock near its edge. This structure was ready for use about the time the news got

abroad that the ship was in reality a floating Yankee machine shop. Within a half-hour the ship was jammed by a



## WILL YOU BE MAROONED

on the barren shores of sickness?

Is your health slipping away from you, unknown and unnoticed?

This is a question of importance, not only to you but to those dependent on you and you should know.

By means of urinalysis our Laboratories detect and give you a warning at the first sign of irregularity. This enables you to take measures to check what otherwise might develop into serious illness.

Our service can tell you at no trouble and little cost.

Write at once for our booklet—

### The Span of Life

NATIONAL BUREAU OF ANALYSIS

H. J. SOULE, President

N. B. 106, Republic Bldg. Chicago

# Help Where Help Is Needed

*In nothing that the purchasing agent buys today is it so necessary to frequently check up and revise specifications, as in wrapping paper and paper bags*



EW knowledge of paper and paper making is brought to light almost daily. And more suitable and economical types, weights and grades for almost every conceivable purpose are constantly being developed.

In the face of these continuous improvements the buyer finds the already highly technical process of selection increasingly difficult. He can hardly be expected to cope with such a situation unaided.

Recognizing this, the Continental Paper and Bag Mills Corporation now places the expert advice of its laboratory staff at the disposal of wrapping paper and paper bag users. This service is rendered without cost and brings to bear a technical knowledge and experience that most effectively determines what paper and bags are best suited to specific needs. Often it achieves a very appreciable saving.

\* \* \*

Continental is the largest organization of its kind in the United States. It owns its own woodland—operating from tree to bag and producing approximately 900,000 pounds of papers and bags of all types every working day. Complete printing plants at mills and factories insure quality and quick delivery on all orders involving printing.

While wrapping paper, bags and envelopes comprise the major portion of the daily tonnage, Continental also produces large quantities of tissue paper and tissue paper products for re-sale.

*Ask the man who regularly sells you paper to show you the Continental line. For assistance in creating or revising specifications write direct to us.*

**CONTINENTAL PAPER & BAG MILLS CORPORATION**



*Foremost Specialists in Wrapping Paper and Bags  
Executive Offices: 100 East 42nd Street, New York  
11 Mills - 28 Branches - 3 Printing Plants —and Experience*

*Continental turns out approximately nine hundred thousand pounds of paper each working day*



Distances covered by your automobile tires simmer down into insignificance compared with the miles that are tramped over the average floor.

When you buy tires, you demand an established reputation for durability—or a mileage guarantee.

You get both in BONDED FLOORS.\* In America's busiest buildings, business and institutional, these efficient resilient floors have proved their ability to outlast an infinite amount of travel. The mileage guarantee is our Guaranty Bond against repair expense, issued by the U. S. Fidelity and Guaranty Co.

That Guaranty Bond, assuring you of utmost "mileage" from your comfortable and quiet BONDED FLOOR, is possible because of our "factory to finished floor" policy. The materials for your floor, manufactured in our own mills, are installed by skilled workmen in whom we have full confidence and for whose work we accept full responsibility.

#### BONDED FLOORS CO., INC.

Manufacturers • Engineers • Contractors

New York • Boston • Philadelphia  
Cleveland • Detroit • San Francisco

Distributors in other principal cities

## BONDED FLOORS

A Surety Bond



Against Repair Expense

\*BONDED FLOORS include: Gold Seal Treadlite Tile, Gold Seal Marbleized Tile, Gold Seal Battleship Linoleum and Gold Seal Cork Tile. All are thoroughly business-like, yet quiet, comfortable and attractive. Let us help you select the one best suited to your requirements.

good-natured crowd unable to go ashore through the mob assaulting the gangway from the dock. Traffic, aboard and ashore, was hopelessly tangled for the afternoon.

The next morning a second flight of steps and bridge were built to provide for "one way" traffic, one string of visitors to come aboard by one stair and bridge while those going ashore might use the other. But the plan flunked. The crowd was larger than ever, and the jam was broken only when a runway was erected from the stairways across and along the dock to force the crowd in line.

With the aid of the ship's company and some marines, who patrolled the lines and arranged the visitors in a queue, fair accommodations were provided for those who wished to make something more than a casual inspection of the *Medusa's* equipment.

For twelve days this siege of the *Medusa* went on, the queue leading from the ship along the dock being rarely less than 500 feet long. On the last Sunday in Melbourne, before the ship was hauled out into the harbor, the waiting line was more than 1,200 feet long, extending the length of the dock.

A total of 125,000 visitors boarded the ship during the twelve days. No such record was made by any other ship, or group of ships, at the docks. The flagship *Richmond*, with a gallant record, just across from the *Medusa* at the same pier, was practically deserted while swarms of people climbed aboard the repair ship. Twenty-two thousand visitors somehow wriggled their way over her decks and through her workshops on that last Sunday!

Now the *Medusa* was a sort of non-military hybrid, and she was surrounded by the finest fighting ships in the world. She was no maritime beauty, at best.

"What was her appeal?"

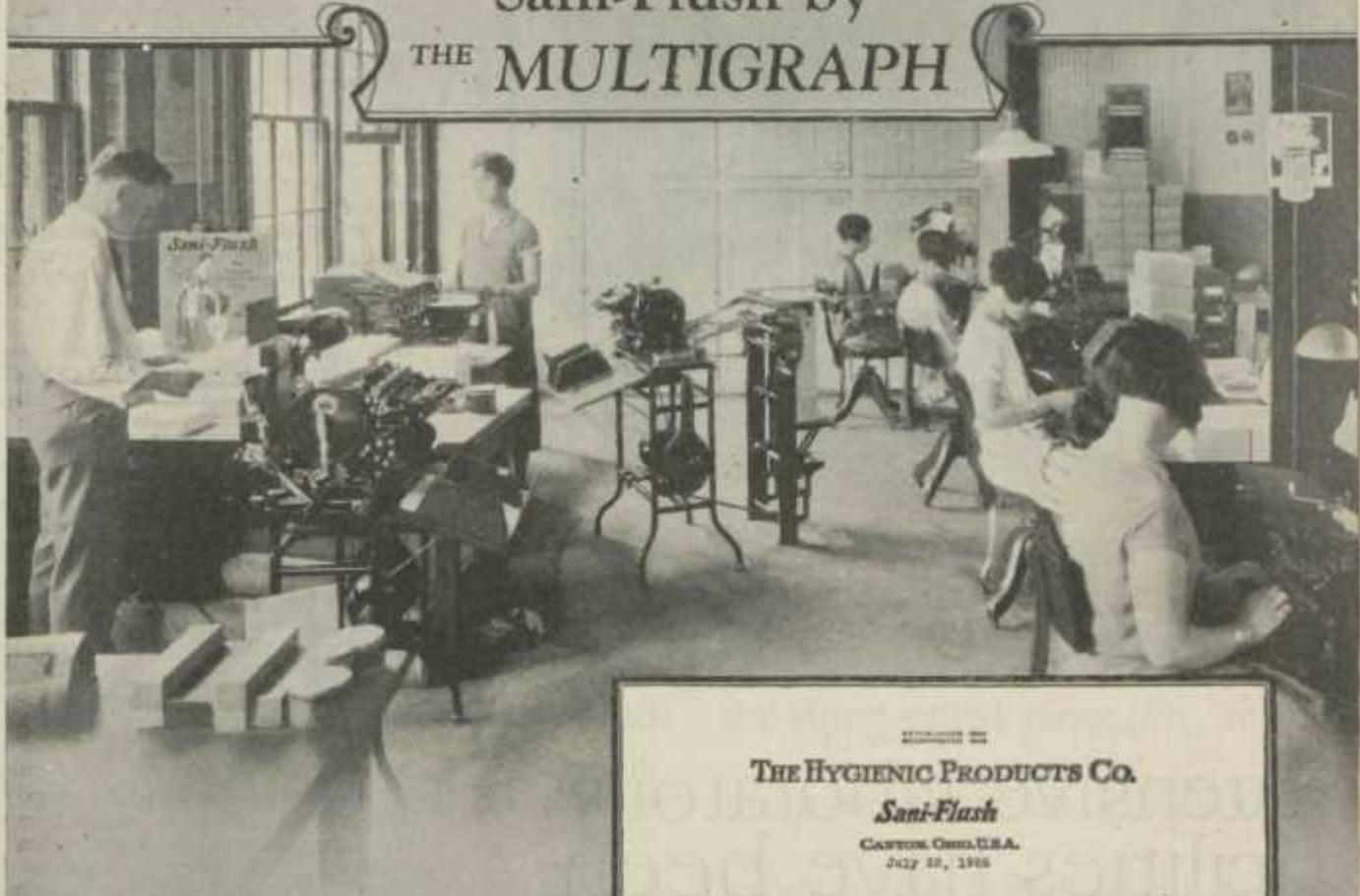
#### Appeal of American Industry

THE reason that the Australians singled out this ship, when more comfortable and spectacular craft were more easily accessible, was because the *Medusa* contained within a single hull the concentrated equipment and machinery scattered at large on the other ships, and, in addition, had an unusual special equipment of her own, all of which were products of industrial America.

To the Australian business man, building an industrial empire in a new continent; to the Australian engineers, manufacturers and technical workers, this ship was laden with messengers of success. She epitomized an ideal toward which they themselves are steadily climbing. She was, in fact, splendidly laid out for the reception of smooth-working, efficient, beautifully-tooled American machinery, and that machinery was in place and operated by skilled men, thus an object lesson to a people whose mechanical needs are pressing and insistent, and whose supply of those commodities comes from sources unable to compete, machine for machine, with American producers. With proper apologies to our Navy, the *Medusa* was nothing more nor less than an aggrandized, up-to-date "trading schooner," showing American goods to curious empire builders and America's potential customers.

While engineering societies and technical schools were represented *en masse*, practically everyone connected with governmental projects involving public works vied with hotel proprietors and manufacturers in inspecting the *Medusa's* shops and machinery. Of special interest to hotel men and

PRINTING—IMPRINTING—TYPEWRITING  
done at a good profit for  
Sani-Flush by  
THE MULTIGRAPH



READ MR. RODERICK'S LETTER, and then let us put you in touch with our nearest Division Office. They may be able to show you better ways, and much more economical ways, of meeting the requirements of your business for form letter work and printing.

Write us on your business letter-head and we will send you a book describing the printing Multigraph and its operation, and containing a list of our fifty offices.

THE AMERICAN MULTIGRAPH SALES CO.  
East 40th St. and Kelley Ave.  
CLEVELAND, OHIO

THE HYGIENIC PRODUCTS CO.

*Sani-Flush*

CANTON, OHIO U.S.A.  
July 10, 1926

The American Multigraph Sales Company,  
Cleveland, Ohio.

Gentlemen:

In our direct mail work on Sani-Flush we send out about 70,000 first class letters each month. To accomplish this task regularly and have each letter appear as neat and attractive as a personally typewritten letter, was at first quite a problem.

The installation of two #20 Multigraphs solved the question. With them we print the letters exactly and with such neatness that one can hardly tell the difference between them and the letters written by our stenographers.

Both of our Multigraphs are equipped with the Printing attachments which enable us to imprint circulare quickly and easily. Recently we installed the Davidson Feeder and now are doing practically all of our one and two color printing. Have been more than satisfied with this arrangement since the work can be done quickly and in the exact quantity needed.

Correct figures on the cost of this work including cost of paper, ink, labor, investment and so forth, show a saving of 44 per cent over the cost of printing purchased from average printers.

While this is a tremendous saving, it is no more valuable than the satisfaction in knowing that whether it be a first class letter, imprinting of circulare or the printing of one of our many office forms, the Multigraph can be depended upon to do the work properly.

Yours very truly,

THE HYGIENIC PRODUCTS COMPANY,  
*S.C. Roderick*  
Mgr. of Sales

the  
printing **MULTIGRAPH**



### Conveyor Parts

One of a series of advertisements illustrating the many uses of Union Drawn Steels.

Extensive laboratory facilities have been of far reaching importance in upholding and constantly maintaining the *high uniform quality* of UNION DRAWN STEELS

# UNION DRAWN STEEL COMPANY

Beaver Falls. Pennsylvania

When writing to UNION DRAWN STEEL COMPANY please mention NATION'S BUSINESS

building contractors were barber chairs, bake ovens, hot- and cold-water showers, ceramic tiling, galley ranges, egg beaters, potato peelers, drying ovens, refrigerators and standard plumbing units. The huge egg beater, handling a crate of eggs at a time, and the refrigerators, of an excellence never before seen at Melbourne, together with the various laundry machines were the subject of the most inquiry of the restaurateurs.

Among inquiries from the manufacturers, the most numerous concerned the ship's fuel-oil forges in the blacksmith shop, the electric drying ovens, the individual drive of motor-driven machine tools, large type lathes and drill presses, planers, boring mills, gear shapers, turret lathes, thrust bearings, low-pressure evaporating plants, saws, and the 3-ton and 1-ton traveling cranes.

This equipment is given in some detail as a hint to our manufacturers who may have the trade possibilities of Australasia in mind. While our total foreign trade with the Anzacs now amounts to about \$250,000,000 each year, nearly a third more than our trade with China, the surface of real business with that great continent of islands is barely scratched.

### Commercial Results of Visit

IN PROOF of this statement it is merely necessary to call attention to the numerous letters from both Australian and American concerns sent to the Navy Department at Washington citing a large volume of business transactions resulting from the personal inspection of the materials and equipment by the Melbourne people who boarded the *Medusa* while she lay at the Town Pier.

It should be remembered that the *Medusa*'s machinery is limited to the comparatively narrow field of shop equipment and sanitary goods peculiar to a navy. The whole range of American manufacture would find a ready market in Australia and New Zealand. If the great saw works of E. C. Atkins & Company of Indianapolis and the General Fireproofing Company of Youngstown, for instance, could note an increase in Australian trade following the *Medusa*'s trip to that faraway port, is it not true that an "exposition ship," fitted out for the purpose of demonstrating our varied products, would prove to be a highly preferred investment in advancing our trade in the tide-water markets of the world?

### World Curious for Progress

THE romance of American industry, as the *Medusa*'s experience shows, overshadowed in Anzac public interest the romance of our mighty fleet. Australian ports, as other instances in naval annals show, are not more responsive to the appeal of curiosity than others, say in South America, and the Near East. Baltic ports, too, are just as curious; the people of all lands, in fact, are today stirred by the gigantic success of industrial developments in America and are keen to benefit from the employment of the machinery and tools which have built up our continent.

A leaf from the log of the old "trading schooner" and from our Navy's more recent experiences in foreign lands points to the "exposition ship" as something more than an advertising man's chimera. Fitted out as cooperative enterprises, such messengers of commerce would, in effect and actuality, express the adage: "Those who seek the wealth of the Indies must carry the wealth of the Indies with them."

## *Businesses Don't Need to Look Uninteresting!*

"That printing salesman just handed me a new idea."

with a real, arresting quality appeal."

"That sounds almost too good

"Impossible!"

to be true."

"Yes. All the others who have been in here said they could give me a rock-bottom figure on any work."

It is true, nevertheless, that the rou-

tine forms of business don't need to

"What did this one say?"

look so uninteresting. Good design

"I wanted some new letterheads and invoice forms, and he said he could give them a real personality

and good paper—that's the secret of

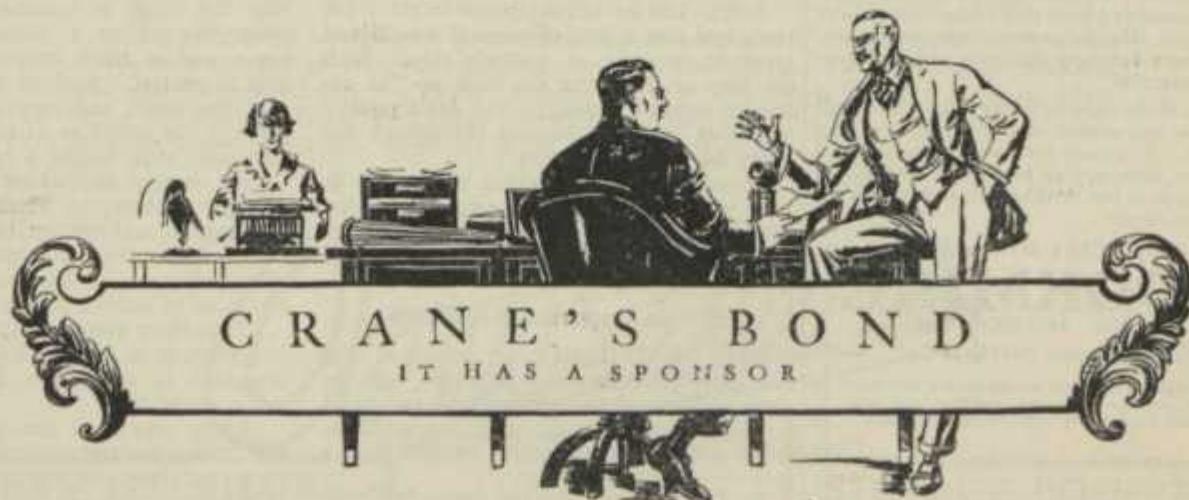
the thing called *personality*, and every

scrap of paper that falls into the

hands of the public ought to have it.

*If you are a business executive interested in setting forth your business in a substantial and impressive character, ask your purchasing department to show you estimates*

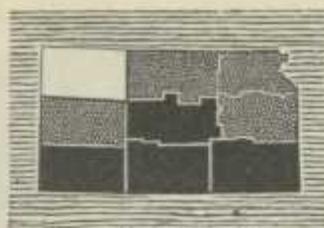
*and samples of Crane's Bond No. 29.*



**CRANE & COMPANY, INC. DALTON, MASSACHUSETTS**

If you're writing to Crane & Company, Inc., please mention Nation's Business

Black: excellent  
Shaded: fair  
White: poor



## This Year A Real Market

... Last year you  
would have lost money

1925

THIS year the territory shown in the larger chart is an excellent market. Last year the purchasing power of this same territory (in the smaller chart) simply wasn't there. Naturally, it was unresponsive to either sales or advertising effort. Yet, for the next twelve months it offers a fertile field for development.

### What The Most Successful Corporations Do

In spite of ever-changing conditions, many firms always seem to have the market in their favor. Rarely do they waste money in territories that later prove a failure for that particular season. Rarely do they expend advertising effort in the cities or counties where purchasing power is low. Rarely do they fail to push sales in good territories.

Such management seems most unusual, hard to believe . . . yet many firms do it by combining knowledge of their own business with the same information used by such firms as *Standard Oil*, *Beechnut Packing*, *Fisher Body*, *Firestone Tire & Rubber*, *Loose Wiles Biscuit*, *International Harvester*, *Procter & Gamble*, *Westinghouse*, *White Motors*, and scores of other recognized successes.

These firms and hundreds of smaller successful businesses obtain this information from the Brookmire Economic Service.

### Unusually Comprehensive in Scope

Facts and figures, trends and certainties, tabulated on every basic industry, weighed against existing influences, and presented in a form that makes them easy to apply, enable you, like the concerns mentioned above, to determine more definitely the many phases of marketing and production.

Send for a set of the latest bulletins today. They will give you a clear and concise idea of the value of this service to you. A request from your secretary will bring literature, facts, and an analysis of the business outlook for the next few months. Have her send the coupon or write us now.

#### COMMERCIAL DIVISION

## BROOKMIRE

ECONOMIC SERVICE INC.

570 Seventh Avenue, New York City

Please send without obligation a complete set of your current bulletins, a forecast of business conditions, and your booklet "What An Economic Service Can Do For Me."

Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

# The Business Life of Ancient Athens

A Review by WILLARD L. HAMMER

ATHENS was a city of art and artists. It produced the steepest marble buildings, the most majestic statuary, the most eloquent oratory, and perhaps the sublimest literature that the world has known. These attributes of the Attic metropolis are common knowledge. But Athens was a thriving metropolis, a trade and industrial center, too. This little known phase of the life and supremacy of the ancient city republic is stressed in George M. Calhoun's narrative of "The Business Life of Ancient Athens."<sup>1</sup> Mr. Calhoun has also written a good résumé of the business standards and ethics of the Ancient Greeks.<sup>2</sup>

Athens could not live independent of trade. The land of Attica, the state of which Athens was the capital, was poor and rocky. Attic farmers and herdsmen could not raise sufficient food to support the inhabitants of the great city.

relish, occasionally a bit of meat or fish, but often a little garlic, cress, or some other common vegetable. Next to air and water, grain was the most indispensable requisite of existence."

The Athenians had no corporations, therefore, no one body could buy grain, ship it to Athens, and retail it.

Each step of the process was handled by different men and there was necessarily a wide spread between the price the farmer received and the price the Athenian citizen paid. "The ancient trade in grain, as in other commodities, seems to have been carried on for the most part by men with



Athens had an advantageous location for trade and also a deal of mineral wealth and excellent deposits of potter's clay. With the help of the latter she built up "an extensive ceramic industry; and Attic pottery was soon in great demand throughout the entire Mediterranean area."

Artisans as well as artists took pride in their work, for "many of the vases from the Attic potteries are inscribed with the names of the makers, or the artists who decorated them, or sometimes both."

### Athens Imported Her Grain

THE GRAIN trade was a matter of vital importance to every Athenian, and the state endeavored to promote and encourage it. The average citizen lived almost exclusively upon cereals, to which he added, as a

little or no capital. The merchant would purchase a cargo with money borrowed, at what we should regard as an exorbitant interest, for one particular venture. To

ship this cargo he contracted with a ship-owner for all or a portion of his cargo space, and in many instances sailed on the ship in person. Arrived at destination, he sold the goods and repaid the loan to an agent of the lender or, if the venture was on the round trip, bought a return cargo.

"He counted on making a good profit on a single venture, to which he devoted his whole time and energy until it was completed, rather than on conducting a number of enterprises simultaneously with an expectation of smaller profits from each."

"Thus three groups united to carry on the import trade in grain and other commodities necessary to supply the needs of a great urban population.

"There was first the capitalist, lending his money in comparatively small amounts at a high rate of interest for particular shipping ventures.

"Next came the merchant adventurer, who contributed only his time and energy and utilized the capital of others. Lastly was the

<sup>1</sup>The Business Life of Ancient Athens, by George M. Calhoun, University of Chicago Press, Chicago, Ill., 1926, \$2.00.

<sup>2</sup>The Ancient Greeks and the Evolution of Standards in Business, by George M. Calhoun. Houghton Mifflin Company, 1926, \$1.00.



Style 4157  
Drop Head  
Double Pedes-  
tal Type-  
writer Desk



Style 4155  
Flat Top  
Single Pedes-  
tal Desk



Style 4152  
Flat Top Desk



Style 4160  
Standing  
Bookkeeper's  
Desk with  
two drawers  
in front



Style 4156  
Double Ped-  
estal Flat Top  
Desk with  
Type-Writer-  
in-Pedestal  
Attachment



Style 4159  
Typewriter  
Stand



Style 4150  
Roll Top Desk



Style 4158  
Drop Head  
Single Pedes-  
tal Type-  
writer Desk



Style 4154  
Double-Faced  
Flat Top Desk



Style 4163  
Office Table  
There are  
three sizes of  
office tables  
obtainable

# Your Kind of Desks

YOU, better than anyone else, know the kind of desks you would be proud to associate with your business. Beauty, dignity, strength, durability and utmost serviceability—those are your specifications of what your desks should be.

Van Dorn craftsmen have used your specifications in perfecting the finest examples of Steel Desks and Tables produced in over a half-century of Mastercraftsmanship-in-Steel.

Matched to the beautiful grains of the finest woods or finished in any desired color and designed in numerous types and styles, you will find your needs and preferences have at last been satisfied in this exceptional line of Van Dorn Steel Desks and Tables.

Start planning now to give your office that atmosphere of dignified efficiency which is the very essence of progressive management. The nearest Van Dorn merchant will give you the information you desire, or write The Van Dorn Iron Works Company, Main Office and Factory, Cleveland, Ohio. Branches: New York, Chicago, Boston, Pittsburgh, Washington, Cleveland. Agencies in all principal cities.

FILES  
DESKS  
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# Van Dorn

MASTERCRAFTSMANSHIP  
IN STEEL  
Since 1872

BUSINESS FURNITURE

STORAGE EQUIPMENT

# From TWELVE MILLION to TWO HUNDRED MILLION *in five years!*

*EVERYWHERE, people are building with this amazing lumber that stops heat and cold...builds houses stronger...and saves so much in heating costs*

**T**HERE is no question about the service that Celotex Insulating Lumber is rendering to American home owners!

This amazing lumber is not cut from trees, but manufactured from the tough fibres of cane into broad, strong boards. Celotex is stronger in walls than wood and resists the passage of heat and cold many times better than wood lumber, masonry and other building materials... cuts fuel bills about  $\frac{3}{4}$ . It is enduring... scientifically sterilized and waterproofed.

No wonder home owners everywhere have eagerly accepted it. That architects and other building authorities urge its use. That more than 90,000 homes have been built with Celotex in five short years.

From a production of 12 million square feet in 1922, the demand for Celotex now makes necessary an output of over 220 million feet a year!

This tremendous growth indicates the urgent need for a building material that provides insulation at little or no extra building cost.

Celotex is firmly established as one of the country's basic industries. House insulation is here to stay. And The Celotex Company is now producing at a rate much greater than the combined output of all other manufacturers of insulation used for building purposes.

Complete information about Celotex may be secured by addressing any office of The Celotex Company.

**THE CELOTEX COMPANY**  
CHICAGO, ILLINOIS

*Mills: New Orleans, La. Branch offices in principal cities*

shipowner, who hired his vessel first to one person or firm and then to another, apparently making a separate contract for each voyage."

The type of contract under which shipping ventures were made is now called *respondentia*. One of the contracts has been preserved and shows "the amount of the loan, the general route to be followed on the voyage, and the rate of interest, which is to be 22½ per cent, but may be increased to 30 per cent if certain deviations from the route, involving added risk, be made by the borrowers." The kind of cargo and its amount are specified, and the borrower agrees not to increase the indebtedness on the cargo, and, in turn, he is to be released from the debt if the vessel be lost. The contract "was signed and sealed in the presence of witnesses and deposited with a third party, copies being taken by the contracting parties."

It is hardly fair to judge the men engaged in this business by the records existent, for most of them are the written speeches delivered in court against them. There were scoundrels in this trade, surely, as in other walks of life; but the fact that this trade, so vital to Athens, was carried on year after year with a form of contract that depended to such an extent on the integrity of character of the merchant adventurer shows that a large number of the men were honest and upright and that the standards of the business world at that time were generally high.

The law required that the merchant adventurer sell a major portion of his cargo immediately, and no person was allowed to have a large store of grain at one time. The result was that the grain was sold to the retailers about the port and business section of Athens.

The law against hoarding grain was evidently enforced rather harshly, for the prosecuting attorney, in one case, even though he pleads against death by a mob, seems to believe that death is only a just penalty for buying more grain than the law allowed.

**Attica Had a "Wall Street" . . .**

**B**ANKS ordinarily did not lend money on such speculative business. They operated on a much smaller margin (the legal rate of interest was about 12 per cent) and placed their loans on better security. Loans were made on ships and the slaves in their crews, on mining plants and their slaves, on the indorsement of a patron of the banks and sometimes on the personal note of the borrower alone. The great bulk of the loans made by banks, however, were "secured by first mortgages on real property, for example, farms, dwellings, and apartment houses."

The business standards of the banker were higher than those of any other ancient business men. "One of the most striking facts about the Athenian banker of the fifth and fourth centuries is that his clients depended entirely upon his honor and honesty in their transactions with him. Although it was the invariable practice to have witnesses present at every other business transaction involving the exchange of property or money, however slight the value, witnesses were usually not called in transactions with one's banker. . . . Such a custom, undoubtedly, tended to put banking upon a high plane, and to give it the character of professional service."

Checks—if they could be called such—were handled in a different manner from the modern method. The order to pay

money was given to the bank instead of to the person who was to receive the money. That was perhaps why there were no bank notes in circulation.

Extreme accuracy in the keeping of the bank's books was not exceptional, as it appears from the fact that "a banker's accounts, when introduced in evidence, were accepted by the courts as *prima facie* evidence of the transactions therein entered."

It appears that the banks had a very systematic method of keeping their books. "Most banks kept day-books, in which all transactions were entered as they were completed, and also ledgers, which showed how the account of each individual client stood. As the Greek system of indicating numbers by the letters of the alphabet was not well adapted to numerical computations, the Greeks were forced to use 'adding machines.'" The elementary adding machines were probably like our modern abaci.

There is no record of any bank organized in a joint-stock company or as a corporation, yet there are several mentions of partnerships.

Bankers probably paid no interest on deposits.

The deposits were demand and the security for loans was real property, therefore it need not be surprising that "financial crises often proved disastrous and bank failures were by no means uncommon. . . . One banker who failed, Heraclides, found it prudent to travel abroad for a time, an incident which strongly smacks of the journeys to Canada occasionally made by bank wreckers a few decades ago. In this instance, Heraclides probably was not absconding with bank funds which should have gone to the depositors, but left the country in order to avoid being mobbed by his patrons. From other allusions to these subjects it is quite clear that insolvent bankers were often the subjects of intense public indignation."

. . . And a "Smoky City," Too

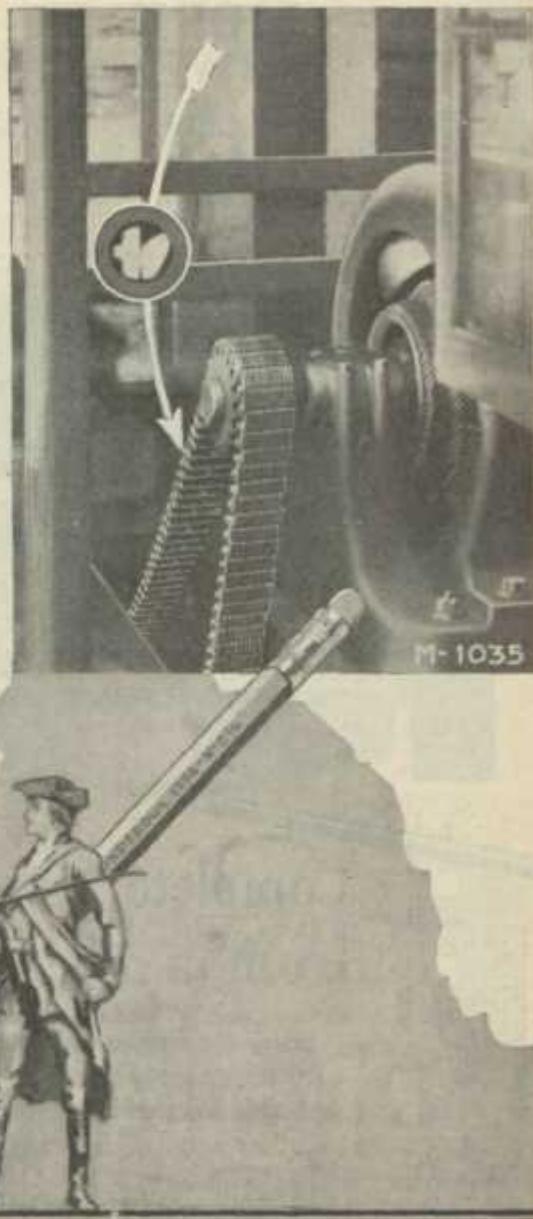
ATHENS had her marble buildings and marble statuary seemingly all spotless white, but Attica also had a "smoky city" no less than Pennsylvania. The discovery of the silver mines near Laurium in Attica was one of the great events in Greek history, for the silver came just in time to enable Athens to build her fleet and win the battle of Salamis, which turned back the Persian invasion. The silver made possible the splendor of the age of Pericles, the greatest epoch of Greece.

With only chisels and hammers, picks and shovels, the miners sank shafts about four by six feet through two or three hundred feet of rock. The shafts "possess a very real beauty of design and execution, most unusual in a work of this purely practical character, and are regarded by engineers and archaeologists as the finest mining shafts of antiquity."

"Perhaps the most striking thing about the galleries is their extremely small size. They are seldom more than three feet in height, oftentimes not so much, and usually only about two feet in width." Slaves—all the miners were usually slaves—carried the excavated dirt along these narrow galleries and up the shafts which had ladders in lieu of elevators.

"After the ore had been removed from the mine and brought conveniently near the reduction plant, it was carefully hand-sorted. Fragments of too low grade to pay under existing conditions were discarded. . . . The whole region is covered with heaps of this

20 H.P. Morse Silent Chain Drive from motor to machine on floor below, Joseph Dixon Crucible Co.



## DIXON PENCILS solved a production problem 15 years ago ~

When 15 years ago, in order to increase production, the Joseph Dixon Crucible Company changed from steam to electric power, they decided on Morse Silent Chain Drives as the most dependable and efficient method of transmitting power from motors to machines. This is what they say now:

"Today the same Morse Chain purchased 15 years ago is doing over 8½ hours' work

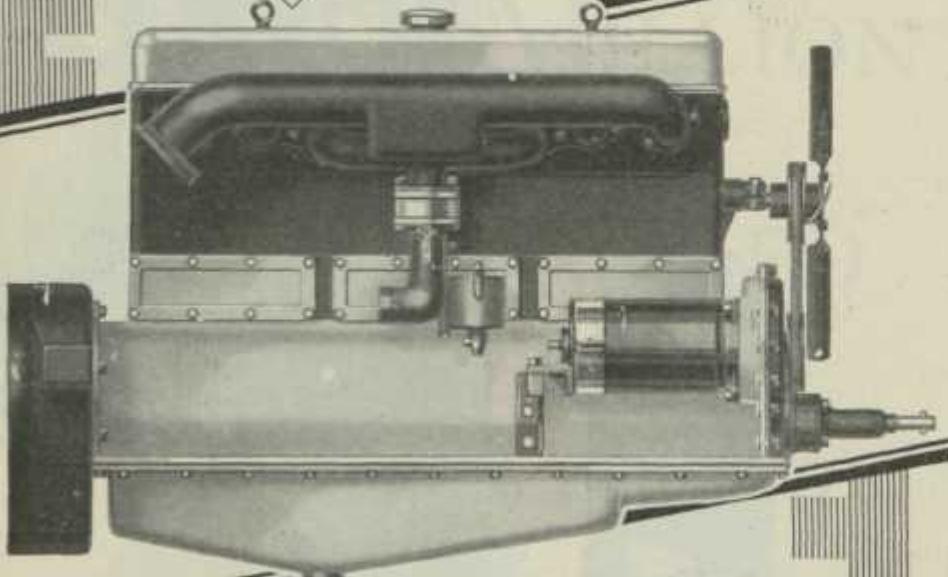
daily, and running at 1,500 feet per minute and developing 20 H.P. In all these years, the maintenance and repair costs have been negligible in spite of the terrific rate of speed it is operated at."

Leading plants in many other industries have solved production problems with Morse Silent Chain Drives. Over 6,000,000 H.P. installed,  $\frac{3}{4}$  to 5,000 H.P., 6,000 to 250 R.P.M. and slower.

**MORSE CHAIN CO., Ithaca, N. Y., U. S. A.**



## MORE POWER



### Complete Motor Supply from a Single Source

Especially for the maker of a line of trucks, busses, tractors or construction machinery, there is far-reaching advantage in one engine builder as complete source of motor supply.

It means simplified co-operation, standardization of performance, and what is very important—the lowest possible motor inventory by the manufacturer.

Wisconsin's fuel economy, through the whole line of great Sixes and Fours, has become a real sales asset. More has been done with the highly efficient and powerful overhead valve principle than ever before.

Wisconsin's More Power per Cubic Inch delivers performance of tremendous advantage to manufacturer, dealer and consumer. Write for the facts and the proofs.

WISCONSIN MOTOR MFG. COMPANY  
MILWAUKEE WISCONSIN

Wisconsin motors are built in a full line of Sixes and Fours with a power range from 30 to 170 H.P. For trucks, busses, tractors and construction machinery.



*When writing to Wisconsin Motor Mfg. Company please mention Nation's Business*

rejected ore, of which the total volume has been estimated in modern times at something like 14,000,000 tons. . . . Twelve per cent was apparently the required standard, and none of the rejected ore is above this figure, while the average is something like 8 to 10 per cent.

"After the ore had been sorted, all fragments which contained mineral in its pure state were sent directly to the furnaces. The remainder went to the crushing plant." The crushing plant was a huge stone mortar in which a heavy iron pestle was worked by hand. After the preliminary crushing, the ore was sent to the mills which were similar to those "used for grinding cereals, but fitted with stones of an extremely hard trachyte. The upper beam was revolved upon the lower by means of long beams fitted in grooves."

#### The Ancient Mining Plants

THE ORE washers, with their cisterns and conduits, were a very ingenious and effective apparatus. "It must be remembered that the operators of the mines at Laurium did not have the abundant supply of water for sluicing that is generally available at our modern mines. The only water to be found in this comparatively low range of hills came from the rainfall of the winter months. It had to be conserved and used over and over again if the mines were to be operated throughout the long dry season of summer.

"Huge cisterns were constructed in the most advantageous spots throughout the hills. . . . The size is nicely calculated to the area of the water shed which drains into the reservoir. . . .

"From these reservoirs the water is led by conduits to the ore washers. These were rectangular tables of stone, occasionally hewn in the solid rock."

The reduction furnaces were "circular in form, averaging little more than one yard in diameter, and of no great height, constructed of blocks of trachyte brought from the island of Melos, or of the local schist, which was used either in blocks or made into bricks. Each furnace was equipped with a blowing apparatus. . . . Near the bottom of the furnace were holes through which the molten metal could be drawn. . . .

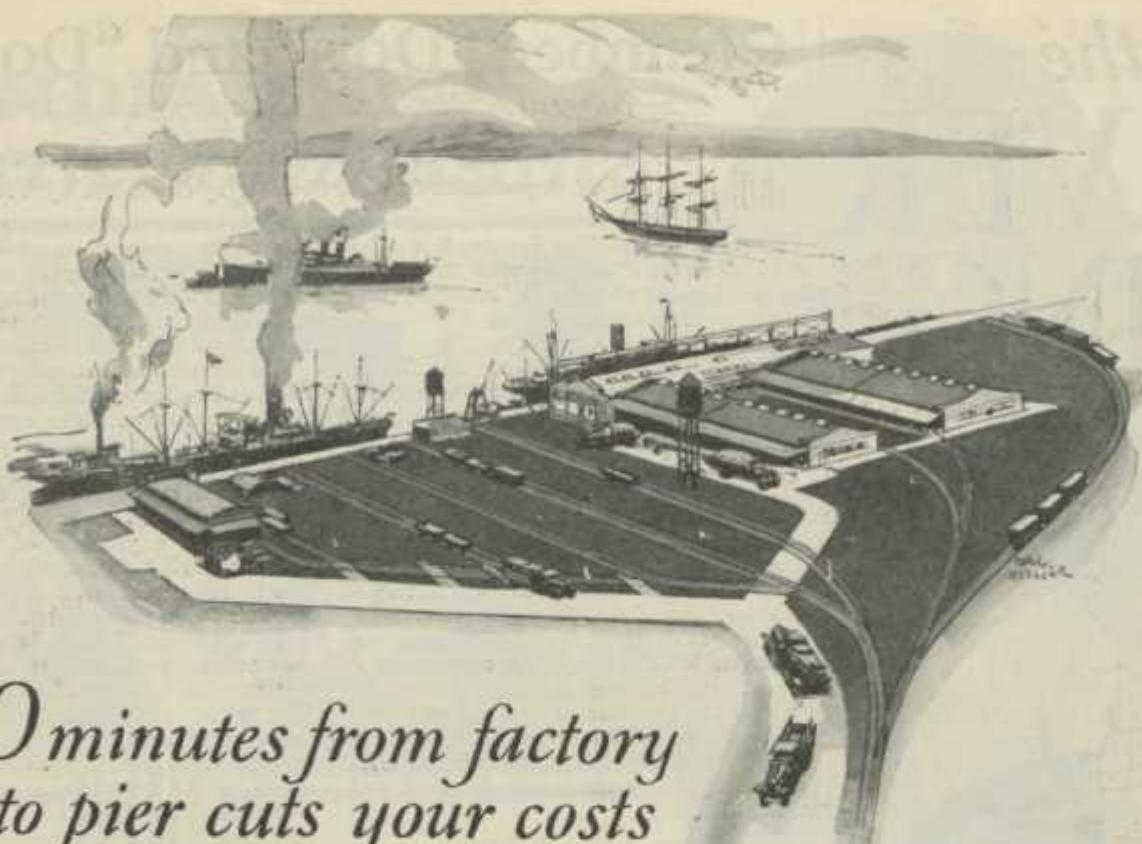
"The fuel employed was wood or charcoal, an analysis of the slag has shown that the temperature of the furnaces was not high as compared with the temperatures in similar processes today."

Cupellation, a process still employed in such work, was used to separate the silver from the lead since the silver was the primary object of the mining. The Athenian metallurgists were masters in the refining of metal, for Athenian silver coins of the best period average practically 98 per cent pure.

The work at the mines was manual labor performed by slaves who were sometimes rented by wealthy Athenians to the mine operators at the rate of about 2 cents a day.

The Greeks liked the clear air and beautiful buildings of Athens much better than the poorly ventilated mines and the murky atmosphere around the furnaces, and they wrote of their splendor instead of practical affairs.

The Greeks forewent the pleasures we enjoy in order to have their philosophy and art and literature all the time. The industrialists and bankers—mostly "resident aliens"—should be as interesting to us now as the Greeks who erected great temples with the taxes collected from the industrialists.



## 10 minutes from factory to pier cuts your costs

ARE you looking for a factory location that combines ideal port facilities with every economy, proximity of markets, fine labor supply and a diversified industrial city? Then you will be interested in Wilmington.

New Marine Terminal, expertly planned, handles foreign and coast-wise shipments in fast time at low cost. Latest type equipment. Railroad tracks and through truck lanes at ship-side. Open and covered storage. Concrete road to heart of city in 10 minutes. No charge for securing lowest rates on all classes of shipments, for marking or stenciling less-car-load lots, for forwarding bills of lading, for supervision of loading or unloading and storing, or for checking and recording shipments.

3 Railroads — Pennsylvania, Reading, B. & O.

**Strategic Location.** Over-night deliveries to 20% of America's population. Short haul from coal mines and refineries. Branch factories here are ideally situated for business with the East, the fast-growing Southeast, and foreign and coast-wise markets.

**Power, Fuel, Gas, Pure Water** at low rates.

### Diversified City Advantages.

Wilmington has a long list of industries—in a number of them it has the world's largest manufacturers.

This diversity and the general prosperity have made Wilmington a splendid town to live in. 124,000 population and metropolitan attractions of cities many times larger. These are the things, along with a comfortable Climate, that hold a stable population of labor of all grades.

**Favorable Corporation Laws,** and absence of social legislation.

**Have Wilmington Checked Up on Your Specifications**—write and tell us what you need in your manufacture, and the points where you want to cut costs. Our Consultant will dig into the situation here for you and give you a conservative answer to every question. Wilmington may have the combination to make this the 100% best location for your business—it costs you nothing to find out, and it may be greatly to your profit.

ADDRESS INDUSTRIAL DEPARTMENT  
ROOM 1303 CHAMBER OF COMMERCE.

# WILMINGTON DELAWARE

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## Chamber "Do's" and "Don'ts"

*I—Suggestions for Laying Out a Program of Work*

By COLVIN BROWN

Chief of Organization Service, Chamber of Commerce of U. S.

**EDITOR'S NOTE**—This is the first of a series of articles dealing with the everyday problems of chambers of commerce and kindred organizations.

CHAMBERS of commerce are full of members who are satisfied when they go through such social gestures as singing songs and wearing paper caps at luncheons.

The chamber of commerce is a business organization founded along business lines.

Its plant is the community which is as wide as the trade area.

The chamber's work is to ascertain local problems, formulate plans for their solution, and solve them. If the farmers and merchants of a community make money, the community prospers; if they don't, it is up to the chamber to find out why they don't. It may be transportation, marketing, or production difficulties, but the solution cannot be reached save by work and businesslike ways.

### Group Action Effective

THE CHAMBER obtains its effectiveness through group action. To utilize the strength of a chamber for business and community growth needs far-sighted leadership. The election of a good fellow as president of a chamber—if that is his sole qualification—is not wise; for he will not give the chamber the effective leadership that a man, whose foresight has built a small plant into a large one, will give.

Successful chambers do not undertake too much. They realize that they must have a reserve of strength to act upon new projects as need arises and opportunities present themselves for business and community service. Much energy has been dissipated working on many worthy projects that, undertaken singly, might have been accomplished.

The elimination of grade crossings is an important and necessary improvement in certain towns under certain conditions. A small town whose traffic does not warrant cost of such improvement should wait until it does. A few years may justify the change though the dollar cost then be larger. A project must be timely.

A program must be short and definite. An item entitled "Stimulate Agriculture" is only useful when there are definite recommendations as to how to stimulate agriculture. These can be made only after a complete production, distribution and consumption survey which deals with such questions as the kind, quantity and quality of the products demanded by the market, the probable increased, decreased or constant demand, the transportation and marketing facilities, competitors' advantages and disadvantages, and prices as compared with competing markets.

The establishment of produce markets where a few of the producers may deal with a few of the consumers has been undertaken successfully by a few chambers of commerce, yet it is a comparatively unimportant activity. Similar questions may be applied to commercial or industrial projects.

A good way of drawing up a program of work is to appoint a committee of men

thoroughly conversant with community needs and chamber objectives and resources. They may hold open meetings at which the members of the chamber are free to offer suggestions and present arguments.

They may send out questionnaires to the membership for opinions on the most important questions. The replies should be considered as purely advisory and not mandatory, for many of the replies are personally biased or impractical, such as "Keep barking dogs off the streets." It is also important that a program of work be more than a mere list of what the chamber would like to accomplish or a list of what every member thinks it would be fine to have done.

Each project, before being put on the program of work, should be carefully investigated as to its timeliness and feasibility. The board of directors is essentially a deliberative body and should be careful not to pass snap judgment on a project. The report of the investigating committee helps eliminate this possibility. Unthinkingly, chambers have passed resolutions petitioning Congress which a little later investigation has shown were in direct contradiction of a previous stand. Rash action hurts the reputation of a chamber.

Many chambers make a point of putting every member on a committee. Some even try to have in their program of work an item of particular interest for each member. To accomplish this, one chamber has eighty-seven members on the "Streets and Sidewalks" and eighty-six on the "Municipal Government" committees. Also not to overlook any bets, they have a "General Suggestions" committee for every item on their program of work. Another chamber has organized its "Civic Development Department" into forty-eight committees; and in that same chamber there are more than two hundred committees. These instances simply show that little or no serious thought is given to this most vital of all functions—the creation of properly selected committees for handling the big and important problems of the community.

### Committees That Do Not Meet

COMMITTEES organized under this system—of a committee for every member—seldom meet, and often perform no duties. Their nomenclature is at times absurd, such as a committee to "Encourage Literary."

One of the most effective means of harnessing a chamber's power for the execution of a program of work is the "time budget." Busy men to whom the chamber is a side line cooperate more willingly when they know to what extent they will have to give their time to it. A time budget defines the work to be done and sets dates for meetings and reports. It minimizes the chances of a committee dying on the job by outlining the work to be done and prevents generalizations taking the place of work. The time budget aids by making the work constant and consistent.

Getting sidetracked is a danger against which a chamber must guard. A program of work keeps the chamber's energies free for the big problems and forces a periodic survey of the progress.

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### Is Statesmanship on the Down Grade in America?

Is Congress less able, less intelligent than 30 years ago?

**NICHOLAS LONGWORTH**

Speaker of the House

Answers these questions in the November number of

**NATION'S BUSINESS**

When writing to DENNEY TAG COMPANY and WILLIAM H. LUTZ please mention *Nation's Business*.

# Does Friendship Count in Business?

By JAMES H. COLLINS

QUITE a number of years ago a farm boy had an argument with his father—the old, old dispute about what the boy should be. Dad wanted him to stay on the farm, but the boy's dreams were all of business and cities. It wound up as such arguments generally do.

"Go then, you fool," said the father, "but don't expect any help from me until you get over this crazy notion and are ready to come back and buckle down to work."

The boy started walking toward the nearest city, the capital of that state. He had no money. He knew nobody outside their neighborhood. He walked all morning and was ravenously hungry when noon came—hungry as a farm boy. Approaching the next farmhouse, strange to him, he offered to work for his dinner and was given a pitchfork and told to climb in the haymow with the farmer's own sons.

"Where do you come from, and where be you goin'?" was the farmer's natural question when they sat down to dinner.

"I'm on my way to the city," said the boy, "and I'm going into business for myself when I get there."

"What kinda business kin a little feller like you get into?" asked the skeptical host. "Why you can't be more'n seventeen!"

"Nineteen next month," corrected the boy. "I'm kinda small for my age. But I want to be a publisher, because I like printing and writing. Seems to me this state needs a good farm paper. If I start one, when I get there, will you subscribe for a dollar a year?"

"Well I don't see no objection. You're pretty young to tackle anything like that, but you can have my dollar, and I'd like to see you make a go of it."

"Suppose you sign a subscription order," suggested the boy. "You can pay when I send my paper. And I want you to tell me how you made such a fine stand of alfalfa in that field where the load of hay came from. People in this state ought to raise more alfalfa. I'll put an article about yours in my first issue."

### The Genesis of a Paper

WHEN he left that farmhouse he had a subscription and enough good pointers on alfalfa to make an interesting article. At the next farm he stopped and told the folks he was going to start a new paper, and got another signed promise to take it. All that afternoon he solicited subscriptions and, when night came, traded a subscription for supper, bed and breakfast. By the time he reached the city he had several hundred potential readers for his dream paper. He knew nobody in the place, had no money,

credit or introductions. But he knew, by reputation, most of the business houses that sold goods to farmers. So he began calling on manufacturers, sales agents and merchants.

"Would you like to have these farmers as customers?" he asked, showing a list of his provisional subscribers. "They're all good people, and I'm starting a new farm paper to reach them. Here are their signed subscriptions. This state has never had a farm paper as good as the one I'm going to give it. You'll advertise in it sooner or later, so I'd like to have your advertising from the start."

### Expanding Business with Friends

WITHIN a week he secured signed orders for several hundred dollars' worth of advertising, and made more friends. With these orders, in turn, he found a printer willing to bring out his paper, which was successful from the start. Today he is a well-to-do publisher, and a strong influence among the farmers of his state.

Here was a regular Horatio Alger hero who might have gone to the city, landed an errand boy's job, worked his way up to trusted clerk and married the boss's daughter after saving her life. Instead, he had a gift for making friends, interesting people in his ambition. Through the years his enterprise has expanded on friendships—each new growth ring has been added by making a new circle of friends among readers and advertisers.

How far will friendship take you in business?

I have found there are two different answers to that question.

One large group in the business world insists that there is no place for friendship in the close calculations of workaday affairs, while another group maintains, with an executive of my acquaintance, that "other things being about equal, the goods and the price similar value, it's the friend who lands the order."

These groups are thinking of two different kinds of friendship. Like many other questions, it comes down to a definition.

The friendship of old acquaintance, personal attachment, blood relationship, may be a shifty foundation for business transactions, an obstacle in getting results, a barrier between people who should be working together. But business connections formed by years of square dealing, or based on mutual trust and service at periods when the latter meant everything standing between success and failure, may grow into a very fine thing.

Life insurance as we know it today was



# Hotels that Look Ahead

SINCE I built my first hotel, nineteen years ago, I've thought more of getting travelers' good-will than of getting quick profits. This company has, from the first, built for the future.

We're still building for the future—not only by building new hotels (as at this time in Boston) but also by constant improvements in our hotels in those cities where we are well established. We're keeping those properties new, improving them all the time, always looking ahead.

The very foundation of this business is "better value to the customer," and it keeps

us everlastingly busy seeing that he gets it. He *does* get it—in rooms, in food, in service, in comfort and satisfaction.

You're invited to come to any of our houses with that thought in mind; it's a promise.

And if, in transactions in our hotels, it should happen that you

get something less than the complete satisfaction we promise you, I wish *you'd* just remind the employee serving you of *his* promise to *me*—which is to satisfy you if he can; or, if he can't, *to turn the matter over to his superior at once*. You'll get satisfaction, every time, if it's someone in authority.

*Emory Allen*



**P. S.** The experienced traveler plans his route to bring him to a Statler Hotel for over Sunday.

Rates are unusually low, in comparison with those of other first-class hotels:

Rates are from \$1.00 in Cleveland, Detroit and St. Louis; from \$1.50 in Buffalo, and from \$4.00 in New York. For two people these rooms are \$4.50 in Cleveland and St. Louis, \$5.00 in Detroit, \$5.50 in Buffalo, and \$6.00 in New York.

Twin-bed rooms (for two) are from \$5.50 in Cleveland, Detroit and St. Louis; from \$6.50 in Buffalo, and from \$7.00 in New York.

And remember that every room in these houses has its own private bath, circulating ice water, and many other conveniences that are un-

usual—such as, for instance, the bed-head reading lamp, the full-length mirror, the morning paper that is delivered to your room before you wake.

Everything sold at the news-stands—cigars, cigarettes, tobaccos, newspapers, etc.—is sold at prevailing street-store prices. You pay no more here than elsewhere.

In each hotel is a cafeteria, or a lunch-counter, or both—in addition to its other excellent restaurants. Club breakfasts—good club breakfasts—are served in all the hotels.

## Boston's Hotel Statler is Building

A new Hotel Statler is under construction in the up-town district of Boston—to be opened late this year, with 1300 rooms, 1300 baths.

And an Office Building: Adjoining the hotel will be the Statler Office Building, with 200,000 square feet of highly desirable office space, ready in October. Rental Managers: W. H. Ballard Co., 45 Milk Street, Boston.

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developed in England, and that country had a fine opportunity for leadership during the years before insurance companies were established in the United States. Yet the United States leads in the use of life insurance to such a degree that there are no comparisons with other countries. For every man, woman and child in this broad country, insurance companies carry the equivalent of more than five hundred dollars in protection, and the grand total has grown from twelve to nearly sixty billion dollars in the past quarter century.

### Selling English Insurance

IN England, insurance has been sold largely on friendship. The insurance representative is valued for his relations and social connections. There are thousands of British insurance salesmen who work by straight canvass, but the other thing has been dominant, where in the United States the insurance man is trained to sell by straight canvass among strangers. In this country, too, you will find friendship and wire-pulling being resorted to. But on the whole this distinction holds good in the insurance sales policies of the two countries, and the difference is shown in the amount of insurance in force.

Friendship often hampers business.

I know one case in which an excellent household invention lagged in its market because its advertising was weak. The president of the company making the invention was a close friend of an advertising man who managed this detail of the business. He thought that man the best advertising expert in the country, and insisted that he be hired by an advertising agency to which his account was transferred. The advertising man was not a good worker. He went along on inspiration. His desk was always piled with plans for brilliant campaigns, and his talk was full of splendid ideas, but he was a laggard in performance, and whatever he did was sure to be a short spectacular spurt. The company got into difficulties, and it was necessary to get rid of both the president and his expert friend.

"If I find that one of my salesmen has a friend among his customers," a highly capable sales director told me not long ago, "I switch that customer to another salesman. By friendship, I mean the old college chum known before they began doing business together, or a close personal relation that has grown up while they were dealing with each other. When they eat at the same lunch club three days a week, dine frequently at each other's houses, their wives pal around together—that sort of thing."

"What's your philosophy?" I asked.

"We're in a technical line. Salesmanship with us is a technical service. It must be kept impersonal. A stranger takes care of customers better than a friend. You don't go to a surgeon because he's your friend—you want the best man to operate in your case. This holds good of the service rendered by many salesmen."

"I've known your rule being followed for another reason—to prevent a salesman forming such relations with good customers that he might take them to another concern."

"That plays a part," admitted the sales director. "But I feel that our service is so excellent that the customer would simply be getting a substitute if he transferred his business because of friendship with the salesman."

There is another kind of friendship in business that goes down to its very foundations. Integrity is in it, and reputation, and credit, and connections. Any fellow who builds on that kind, is building constructively and solidly.

Some thirty-odd years ago, a manufacturer hit upon an idea so basic that it has since made him a fortune. He was poor then, and making another product altogether when this idea came along and began to take possession of his business. In a dozen different directions he needed money for development—for more equipment, and bigger purchases of materials, and good technical investigation, and better-paid employees. But one way seemed most important—advertising to the public. So every dollar he could spare was spent for advertising, and the returns were surprising.

One day he took a sample of his product to an advertising agent, explained how it had caught on, told him about his hopes and handicaps and asked for credit.

"Come with me," said the advertising man, taking him to the bookkeeper's desk. "This is Mr. Blank," was his introduction, "and he is to have credit up to so-and-so," naming an amount that today, would hardly pay for a single advertisement in one of the manufacturer's national campaigns. But that was equivalent to unlimited credit.

### Good Business Relations

FROM then until now there has been an unbroken connection between the two houses, although the manufacturer, once a supplicant, could probably buy the other's business outright.

Now, observe one point that seems to be highly important in this matter of friendship in business. The connection was not begun on personal friendship. The two men had never met.

Did you go through a stiff initiation when you started out in the business world? Did it seem as though kind words had finally died, and that hearts were chrome steel and pocketbooks electrically welded? Perhaps you are going through that experience now. How wonderful a single friendly, sympathetic fellow would be, if one turned up in the crowd.

Maybe—and maybe not.

A youngster going through this stage, beginning the lumber business in a small town, found a wonderful friend in the local banker. They just seemed to be pals from the first meeting, and the banker took him under his wing. He gave him advice, lent him money, did everything that one can do





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The reasons why Domestic special motors are "abreast the rest" in price are clear and simple.

Special motors, built in the few types most widely applicable to the fractional horsepower field, are a routine production proposition with us. Domestic Electric research, sales, production and service departments are organized for this business only. Every motor order is followed through as an individual unit from the time the first contact with the purchaser is established until the finished motors are in operation.

Yet the advantages of this individual service are not reflected in the cost of motors to either the appliance manufacturer

or the consumer. The Domestic Electric Company is organized and operated to produce special motors as other manufacturers produce stock motors. Factory equipment was designed and developed in the Domestic plant to build according to Domestic methods. Short-cuts and economies of production are thus made possible that could not be effected under any other policy.

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Manufacturers of fractional horsepower motors exclusively

(79)

# Domestic Electric Motors



Spray-Painting buildings—inside and out with Binks Equipment. No costly interruptions of factory production.

## If All Manufacturers Knew—

just what Binks Spray-Painting Equipment would do for them all manufacturers would install it. The economies effected are astonishing.

### BINKS For Maintenance

Where crews of brush-and-pail painters formerly hampered production while they painted factory interiors, job by job at an enormous cost, one factory hand now equipped with Binks Spray-Painting Outfit, sprays buildings, inside and out, at one-fifth the cost. No production is stopped. One application usually saves the cost of several spraying outfits. And the work is better. Spraying covers and penetrates more effectively.

### BINKS For Product Finishing

Where manufacturers have (and some still do) painted their products by hand, spray guns now do the work at a great saving. The higher quality of the finish is alone worth consideration of Binks Spraying Equipment.

In writing us for details, please state in what connection you would have spray painting serve you. There is no obligation. Write today.

### BINKS SPRAY EQUIPMENT CO.

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on a personal friendship basis without running foul of the bank examiner.

Cautious old hands among the lumber dealers were about ready to admit that he had discovered some new, easy way of handling that line.

But that was in piping good times. Suddenly the clouds loomed up in general business. Sales fell off. The price of lumber fell too. A lot of his stock was still unpaid for. Uneasy, he went to his friend the banker.

"It's all right," said the latter soothingly. "Just a little temporary slump. Things'll come back in a month or so. I'll carry you through."

The young lumberman's notes were extended. But the business sky grew blacker. The lumber that he owed for could not now be sold for the price he had to pay for it, even if customers could be found at all. The banker carried him a little longer, but ultimately had to sell his friend out to protect the bank. Had he tightened up at the beginning, as a stranger would have done, there would have been something left for the young man. But friendship carried him too long. He got too heavy! When the assets were sold he had nothing, whereas a cold-blooded Shylock, selling him up at the beginning of trouble, would have recovered enough for a fresh start. However, he did start again, and has been successful. But his opinion of friendly bankers!

"I want no sympathy from a banker. The closer he sticks to straight business, the better. Friendship and banking are two good things that don't go together. I like my bankers boiled twenty minutes."

Friendship was the basis upon which another young man started business for himself, but it proved to be a sort of "fool's gold" after he had really got going.

### Starting His Own Business

HE HAD a salary job with a good concern. But his folks had always been in business for themselves. He had two customers who advised him. One was particularly encouraging. What would he himself have amounted to, sticking to a salary? He could help along with a few good orders as soon as the young fellow got going, and make his success certain. The optimist. But there was another customer who chilled his enthusiasm. Hadn't he heard that ninety-seven men in every hundred who went into business for themselves ultimately failed? Better stick to a corporation—in twenty years his salary job would be bigger than any individual business he could build up. The Pessimist.

He made the plunge after a last encouraging talk with the Optimist, who from that day to this has never bought a dollar's worth of stuff from him. And the Pessimist was one of his first customers, buying certain merchandise that the young man had discovered, and has been a steady, grumbling customer ever since.

From what I've seen, friendship will take you a long way in business.

The successful man is usually a persistent friend-maker, whether the head of a big company or a fellow working for a salary. I've known errand boys, and telephone girls, and purchasing agents, and shop superintendents who got along faster and farther because they had the gift—or the cultivated art if you prefer—of asking people how things went with them, and offering encouragement and service.

In business, you will find plenty of friendship of the kind that swings the order to Jake because he is a friend of Bill. But if you follow that sort of thing, and check up on it, you will have doubts as to whether it is good business. I have doubts about it being real friendship.

Apart from business, it's a lax friend who will not take his buddy aside and point out a fault. In business, that sort of friendship is good business, and often priceless in a business way.

As an instance, there was a dry goods merchant who succeeded so well with a small shop, turning his goods so often, that he grew into the shop next door, and then into one on the other side, until he had a large business scattered through a maze of little buildings.

He was a wizard at making money work, and early in his career had the good fortune to make a friend of a commercial paper broker. The broker took pride in his friend's ability and character, and the merchant apparently had access to all the money in the world, so smooth were their business relations.

One day the merchant had some good news for his friend. He exhibited the plans for a fine new

store. His chief competitor was about to build, and he was thoroughly fed up on the inconvenient jumble of old firetraps in which he had been operating.

The broker grew serious, however. To build would necessitate the diversion of so much fluid capital from merchandising that the business might be starved. He could not secure money for such a purpose. The dangers were impressed upon the merchant so vividly that he postponed his building, and rightly. For within a year the country ran into a commercial depression that called for all his resources. His competitor had so much money tied up in construction that he went broke. With the broker's help, he was able to take over the half-finished store and complete it with investment money.

Friendship will undoubtedly take you a long way in business.

But business comes first.

Good business men are friendmakers. They cultivate people in all walks of life because they like people. New York is no bigger to them than the country town, when it comes to knowing folks, and their outlook and ability are measured by the width of their circle of friends.

But they make friends for friendship's sake, not business. And business comes before friendship in the pinch, because it involves elements of growth. It is institutional, not personal.



*The Graybar Tag, under which  
60,000 electrical supplies are shipped*

**“Hence —  
distributors”**

BETWEEN maker and user there's a gap which must be bridged. That is where Graybar Electric comes in, to put electrical supplies within arm's reach of the man who needs them.

As the world's largest distributors of electrical supplies, Graybar places 60,000 picked items at the finger tips of demand everywhere.

This service, available through 58 centers, saves time and the cost of time on electrical installations—and is thus an important factor in our modern industrial life.

Graybar Electric Co.  
Executive Offices: 100 East 42nd Street, New York City

# Business Views in Review

By WM. BOYD CRAIG



Elm tree, Purdue University, LaFayette, Indiana, treated and saved by Davey Tree Surgeons. New bark along both edges is healing perfectly over Davey cement filling.

## DAVEY TREE SURGEONS NEVER EXPERIMENT ON YOUR TREES

John Davey originated the science of Tree Surgery as a pioneer achievement. He worked out and demonstrated its basic methods and philosophy. Every improvement has been developed within the Davey organization, until today Davey Tree Surgery is more nearly accurate than any other science dealing with life.

All the experiments that have produced these improvements are worked out on practice trees in connection with the Davey School—never on your trees. What you get from Davey representatives are proven methods—standardized practices—thoroughly trained and reliable selected men—plus organized supervision and responsibility, with the guarantee of satisfactory service.

Davey Tree Surgeons live and work in your vicinity. You don't have to take chances with poorly trained and unreliable men, or with experimental methods. It will cost you nothing to have your trees examined by your local Davey Representative.

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Attach this coupon to your letterhead and mail today



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Kent, Ohio

Gentlemen: Without cost or obligation on my part, please have your local representative examine my trees and advise me as to their condition and needs.

FOR THE second time this year the business world pays earnest attention to the academician and sets up a chorus of amens." Thus does *Commerce and Finance* refer to the latest article from the pen of William Z. Ripley, professor of political economy at Harvard University. "Stop, Look and Listen" was the title of his article dealing with the rights of shareholders to adequate information, which appeared in the *Atlantic Monthly*. No other recent event in the business world has stirred up anything like it in volume of editorial comment. Professor Ripley's "From Main Street to Wall Street," in a previous issue of the *Atlantic*, also caused a mild storm throughout the business world. Its more direct results were the consideration of the attack on the divorcing of ownership and management by the Board of Directors of the New York Stock Exchange in special meeting, and the invitation of the President of the United States for the author to call at the White House and talk things over.

Discussing the latest article, *Commerce and Finance* says:

"Professor Ripley focuses the piercing rays of his searchlight upon the failure—already well recognized in Wall Street—of many of our large corporations to give out adequate information for the guidance of the rank and file of stockholders. As the article clearly demonstrates, corporate business affairs in this day of widespread public ownership 'are still carried on in twilight,' thus keeping the owners of immense sums of invested capital in the dark as to the actual course of a year's events with the company to which they have entrusted their savings."

"Professor Ripley demands that stockholders and the public be given more complete, more frequent and more intelligible information concerning earnings and activities and urges the prime necessity of 'letting in of light to the fullest degree.'

### Information for the Amateur

IT IS not principally for the benefit of the experienced in corporate finance that Professor Ripley speaks. It is the inexperienced investor, the man or woman who has put aside a few hundred dollars or less, usually by dint of hard work and at a sacrifice, who is led astray, lost in the labyrinth of misleading balance sheets and earnings statements to become the prey of inadequate or even malicious company publicity. This class of investors is entitled to protection. When a nation-wide campaign is being waged to secure a wider diffusion of stock ownership, the proper kind of financial publicity is especially desirable, nay, necessary.

"Professor Ripley flays those companies for whom 'such new-fangled gewgaws as income accounts or depreciation simply do not exist,' in terms so pithy that we quote him verbatim:

"Diminutive, dainty, tied up with fancy string, perhaps, these reports are tenderly reminiscent of the parties of our youth. Some may have elaborately decorated covers, like paper on the wall—particularly among public utilities with extensive customer ownership. Some . . . are inviting pictorially, however uninformative they may be. Emblazoned with gilt or colored reproductions of one thing or another, on large sheets of heavy glossed paper, again tied together with a fancy string, they are pleasing to the eye. Yet colored pictures of factories, brightly lighted at night—as some of these



Prof. W. Z. Ripley

must well have been in view of their extraordinary success—tell no tales. What an extravagance of good paper and ink, about as nutritious as some of the advertising displays of ham and eggs or other standard articles of daily consumption in the popular magazines!"

"Then there is the leaflet type, done on a single folded sheet of paper. This 'tuppence ha'penny' variety, once common, is happily by way of passing out. Cotton mills are still in this stage, again with nothing but a balance sheet, and no income statement at all. Some of the new investment trusts, which ought particularly to disclose full information about their holdings, are also like this . . . Or there is the pompous but empty type, suggestive of President Wilson's pithy distinction between men who grow and those who merely swell with the advance of years. Such reports remind one of those little men who not infrequently puff themselves up in a manner to make up a bit for their abbreviated build. Other reports may well be designated the "business condition" type, devoting much attention to things in general and but little to their own affairs in particular. . . And then there are the reports like *Tristram Shandy*, "all obfuscated and darkened over with fuliginous matter." To the uninitiated, as we shall soon see in detail, they may tell too much that is not so, or too little of what they ought to tell."

"If corporation statements were only one-half so clear and understandable as the thoughts expressed in this forceful and picturesque description, the lay investor would have little room to complain! The *Wall Street Journal* gives voice to the same thoughts with equally telling effect:

### Reports that Conceal

"MANY (statements) do more to deaden than to arouse the stockholders' interest. Whether by accident or design, such reports are drawn so as to withhold from the stockholder what he most desires to know. When he is told that 'the increase in mortgages and ground rents payable represents a mortgage given in connection with purchase of additional property,' he says to himself that an intelligent bootblack could have guessed as much. When he reads that 'the decrease in miscellaneous accounts payable is due to withdrawals by affiliated companies to reduce their indebtedness for construction and other purposes,' he refrains from calling the report a mess of tripe only for fear of insulting an industrious and self-respecting farmyard animal."

Bearish activities on Wall Street on August 24 were attributed to the article. The *New York Times* said of this:

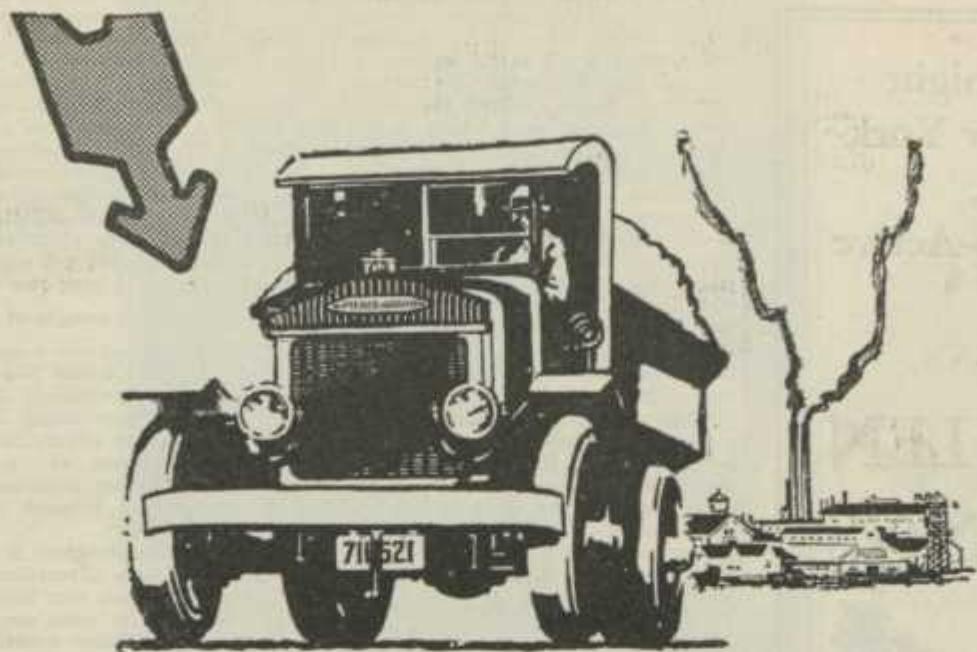
"Earlier in the day leading brokerage houses had directed attention in their market comments to the article by Professor Ripley and its possible effect on price movements. The fact that individual companies were severely criticized in the article for their failure to keep their stockholders and the public intelligently informed concerning their affairs was emphasized for the bearish influence which such strictures were likely to have."

Several of the particular corporations mentioned by Professor Ripley have replied to his charges of inadequate reports, among them the North American Company and the Bethlehem Steel Corporation.

### F. T. C. Considered Reports

AN INTERESTING political sidelight is thrown on the situation by the *New York Times*. The Federal Trade Commission was suggested by the professor as a means to curb the practice of veiling reports. Says the *Times*:

"Members of the Federal Trade Commission now in Washington do not regard as practicable recommendations made by Prof. William Z. Ripley that there should be greater publicity



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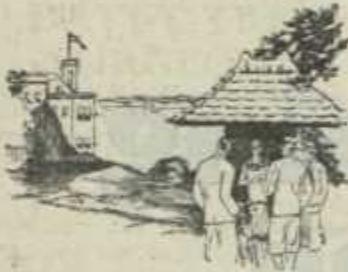
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*The baths and other treatments are especially suitable for heart, circulatory, kidney, nutritional and nervous disorders, rheumatism, gout, and obesity. Complete medical and hydrotherapeutic facilities, and modern aids to diagnosis.*

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in the affairs of interstate corporations. Some of them go so far as to say that Mr. Ripley's proposal borders on illegality.

"This is the view of the commission majority, but it is not shared by Huston Thompson and John F. Nugent, who for more than a year have stoutly resisted the majority rules designed to assure more secrecy in the work of inquiry conducted from time to time by the federal body.

"Officials here are of the opinion that Commissioners Thompson and Nugent probably would endorse Professor Ripley's view that Section 6 of the Federal Trade Commission Act, which authorizes the commission to exact complete financial reports from corporations and to give such reports to the public, should be enforced to the letter. The majority, which is said to be more responsive to Administration information, takes the contrary view.

"One commission member today said: 'We can't go out promiscuously and engage in fishing expeditions.' He said further that the commission had demanded reports in given cases under the authority of Section 6, but that it was regarded by the majority as impracticable and too expensive a procedure to call for financial reports from all big corporations.

### Commission's Power Limited

**L**AWYERS connected with the commission pointed out that the courts had imposed restrictions upon the commission's power in collecting evidence. It was held by Justice Holmes in the tobacco case that the commission, in demanding information from corporations, had to make specific requests and could not enter upon 'fishing expeditions' in the examination of books and papers of corporations subject to its jurisdiction. The same point was raised in pending cases that probably will be acted upon by the United States Supreme Court in the October term.

"There is no ground for Professor Ripley's statement, or for the reported agitation in Wall Street," said a member of the commission. "We are not going to be swept off our feet. Furthermore, we have no appropriations to defray the cost of extensive questionnaires."

"The commission has been in a turmoil for months over questions relating to publicity. Meers, Thompson and Nugent urging that all proceedings, except preliminary investigations, be thrown open to the public. The majority has contended that injury has been done to the interests of individual corporations by publicity concerning complaints and charges brought during examinations.

"Professor Ripley's article may widen the breach within the commission with respect to publicity. The majority, as made over by appointments made by President Coolidge, is strongly opposed to general publicity, holding that all information obtained in the course of investigation should be withheld until the commission reaches final conclusions.

"The majority's views in this regard have prompted attacks in Congress, where charges have been made that the commission was no longer fulfilling the duties imposed by law, and that it should be abolished."

### U. S. Naval Inquiry Criticized For Arsenal Tragedy Findings

**O**NCE more the Navy exonerates itself," said *Engineering News-Record* early in August, when it criticized the Department for the inquiry into the Lake Denmark Arsenal tragedy. The *News-Record* ventured to ask:

"Who was responsible for such a vast and, had the United States been subject to New Jersey state law, illegal concentration of explosives in a square mile of territory?

"Who was responsible for having this explosive material housed in buildings with combustible framing and fittings?

"Who was responsible for explosives being carelessly housed with projectiles and depth bombs instead of being segregated to reduce the risk of all being set off in case part was set off?

"And who was responsible for there being neither barricades nor adequate spacing between buildings to stop the spread of destruction?"

"Act of God" won't do for an answer, says the *News-Record*, and "Naval courts of inquiry are becoming suspiciously careful of criticism of errors that the Navy makes."

A subsequent issue goes on to say:

"T. Douglas Robinson, Acting Secretary of the Navy, has addressed a letter to this journal, which passes over without comment the specific criticisms of the editorial but says: 'I have read the article to which you refer and consider it grossly unfair, not only to the Navy Department, but to your own country.'

### Example of Bureaucracy

"**T**HIS sentence is commended to the citizens of the United States as a brilliant example of what bureaucracy does. Mr. Robinson has been a government official for but a few months, but already he takes on all of the airs and trappings of the generation-old bureau head. If one presumes to criticize the Navy Department, forsooth, one becomes a traitor to one's country."

"If Mr. Robinson is reporting the true spirit of the Navy Department, we can only feel more strongly than ever before that Congress or the President or some one outside of the department had better investigate the Lake Denmark explosion."

The *Nation* notes that an existing evil is being remedied, thus:

"Not one of the sufferers from the ghastly New Jersey explosion of a navy munitions depot can sue the Government for damages. Our Government is still like the kings of old; in legal theory it can do no wrong; it cannot be sued. The only remedy is by private bills in Congress. But a change is due, for on June 10 the House of Representatives, without a dissenting voice, passed a bill providing that the United States Government may be sued for injuries which its officers or employees negligently inflict, in the course of their official employment, on private individuals. Heretofore the innocent victims of official wrongs have been left without redress, except against an irresponsible minor official—a flagrant denial of justice."

"The fact that practically every country of continental Europe had long abandoned this unjust position and freely permitted the Government to be sued in tort made little impression on our Government, and to this day Attorney General Sargent labors under the erroneous impression that the immunity of the Government from suit is common to all countries."

### Novel Ideas, Full of Interest, Announced in Business Press

**T**WO announcements of innovations which may have violent effects on their respective industries appear in current trade journals:

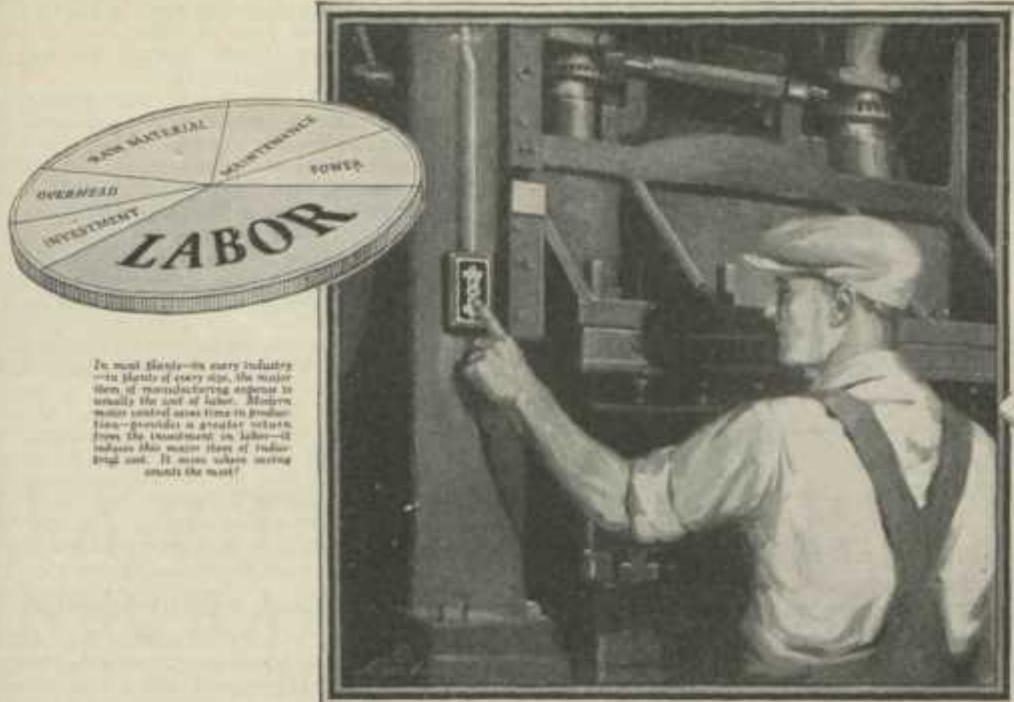
*Oil and Gas Journal* carries an article on the possibilities of a discovery which may make possible the recovery a much larger percentage of oil. Heretofore, only a fraction of the actual content of a well has been recoverable by the ordinary process of drilling.

To quote the *Journal*:

"The possibilities are amazing, but the discovery itself is simple. It is merely the introduction of sodium carbonate dissolved in water, into the sand, followed by the flooding process. Sodium carbonate is common washing soda, the 'soda ash' that is also used in the manufacture of glass. It is sold as cheap as 1 cent a pound, and the supply is inexhaustible. And the machinery required is cheap and simple."

"The announcement of this discovery, just made, says: 'During the winter of 1925, a search was started by Doctor Nutting in the United States Geological Survey laboratories for an efficient, harmless, inexpensive chemical that would creep between petroleum and silica, wetted by it, thus releasing the oil.' And that chemical was found to be washing soda."

"When clothes are put to soak in water containing washing soda, the dirt is loosened from



Write for your copy of "Industry's Electrical Progress." It makes clear the savings through modern motor control—a step at this time of vital importance to industrial success.

## Save—where saving counts the most!

WHERE does your plant stand in this battle industry is waging to eliminate waste? Have you checked up to see where worthwhile savings can be effected in your production?

Competitive conditions today demand it.

In most plants—in every industry—in plants of every size, the major item of manufacturing expense is usually the cost of labor. And wages cannot be decreased! Economists point out that the present prosperity is largely due to the increased buying power of the nation resulting from higher wages.

It is a vital time, then, to analyze manufacturing costs. To materially increase profits it is necessary to save where saving counts the most—in the wasted time of labor.

The greatest tool of labor today is electric power. The use of motors is practically universal in industry.

But even if your plant is completely motorized you cannot be sure it is wholly efficient. For motors by themselves are only brute force. The savings in labor that you expect—the savings that add substantially to industrial profits—come through the proper application of motors. They come through the effectiveness of correct motor control.

Someone in your plant must investigate. To add to profits now through savings in production gives any plant an advantage in competition. To wait only postpones progress.

The development of motor control equipment has been so rapid that it has been easy for plants to fall behind. In the short span of ten years the electric power consumed by industry has multiplied by six. Such rapid expansion has brought wondrous perfection in the control equipment required. It is high time to make a check on the motors you use to determine where modern control will reduce production costs.

### Thirty years of engineering experience to show you the savings possible

Without charge, the Cutler-Hammer field engineers, expert in the application of electric power for greatest efficiency, will co-operate with your plant men or consulting engineers. Either to assist in the choice of new equipment, or in the revamping of existing drives their counsel is yours without obligation. And the control equipment they may recommend pays for itself through savings in production.

In the purchase of new equipment in which motor and control is incorporated as an integral part by the machine builder, demand C-H Control. The familiar C-H trademark on all your motor control is the best assurance you can have that your plant is keeping pace with electrical progress—that your motors are giving you the true economy of production you have a right to expect.

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Pioneer Manufacturers of Electric Control Apparatus  
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*Industrial Efficiency Depends on Electrical Control*

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3. Basic Raw Materials Easy to Get
4. Steady, Fair-minded Workers
5. Power, Water, Fuel Cheap and Plentiful

ERIE offers a rare combination of geographic and economic advantages every manufacturer should know about. These are fundamentals—basic factors governing industrial progress.

These 5 advantages help Erie industries prosper. They bring manufacturing and distribution cost savings that affect net profits. They will speed the success of new or branch plants located here.

You ought to know more about Erie. Full and detailed information is available—in "5 Great Advantages," a 32-page, "brass tack" presentation of facts of vital significance to plant owners and operators everywhere.

#### Facts in This Free Book

"5 Great Advantages"—just off the press—is full of sound facts and authentic figures no manufacturer can afford to be without. This book is free. Its score of

diagrammatic charts represent months of investigation and study. It tells the full story of Erie's 5-fold opportunities. A real contribution to every manufacturer's data files.

#### Send the Coupon

Mail that coupon now. And write our Industrial Board to supply a specific confidential survey of Erie's advantages as applied to your industrial problem.



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the fabric, and the dirt is removed by agitating the water. The operation of sodium carbonate in solution upon the oil sands is the same; the oil is loosened upon the silica, and carried off by the water. Doctor Nutting is simply putting the oil fields to 'soak.'

Tests were made recently near Bradford, Pa., with heartening results, says the *Journal*.

Another announcement of a new idea is published in *The Iron Age*. There is a centering of interest, says this publication, on the possibilities of welding structural steel. *The Iron Age* takes a conservative view, thus:

This, of course, does not mean that next week, next month, or next year, the riveting gun will be banished from bridges and buildings. It is an indication, however, that the welding idea has entered the structural steel field, and that we shall hear more of the employment of oxy-acetylene or electric welding in the construction of buildings and bridges. Already a number of well-designed shop buildings have been erected in the western oil fields, using second-hand pipe for the steel skeleton. Also the Westinghouse Company has recently ordered two all-welded buildings from the American Bridge Co., each requiring several hundred tons of the usual beams and channels.

#### Inertia Resists Progress

IT IS fair to point out that welding will meet pronounced resistance from structural men. Engineers and designers will not be favorably predisposed, because their handbooks are full of warnings against the use of welds, warnings dating back from the time when wrought iron was the standard structural material and all welding was done on the blacksmith's anvil. Welded construction will be impossible in cities and towns where building codes are enforced, until such codes are modified—admittedly a slow process. Fabricators and erectors will not be anxious to foster a method which would scrap a good portion of their tools and machinery. Labor unions will also have their say.

To overcome this opposition will require abundant demonstration that the welded joint in steel structures is as economical and reliable as it has been in other places, such as pipe joints, metal furniture, gasoline and oil vending tanks, automobile bodies. Each of these fields offered and continues to offer vigorous resistance to the application of a newer method of construction. But one of the leading oxygen producing companies has stated that over 1,000 miles of trunk pipe lines for oil and gas are being constructed with welded joints during the present summer.

Engineers await with interest the next moves in the structural welding campaign. It is to be hoped that the work will be done only after the advice of competent authorities has been secured, and then placed in a shop jealous of its reputation and where close control of the welding operation is possible. In matters of bridges and buildings it is well to remember that sound engineering and expert craftsmanship are of far more importance than enthusiastic approval of an attractive innovation."

#### Lottery Defined In Detail For Trade By Candy Journal

WHAT constitutes a lottery?

The *International Confectioner* undertakes to answer this question, thus:

"In order that those unscrupulous or foolish manufacturers may know when they desire to put out a prize candy package whether it is violation of the law this article is written.

"A lottery—illegal under federal law and many of the states—is a plan, device or idea whereby anything of value is allotted to one or more people by chance, and for a consideration. Thus there are three elements of a lottery—prize, chance, consideration.

"Or to put it in the words of the Supreme Court of Michigan:

"A lottery is a scheme by which the result is reached by some action or means taken, in which a man's choice or will has no part, and

*Would you start to Europe in a row boat?*



For more than a century the Hartford Fire Insurance Company has provided safe, sure protection for its policy holders.

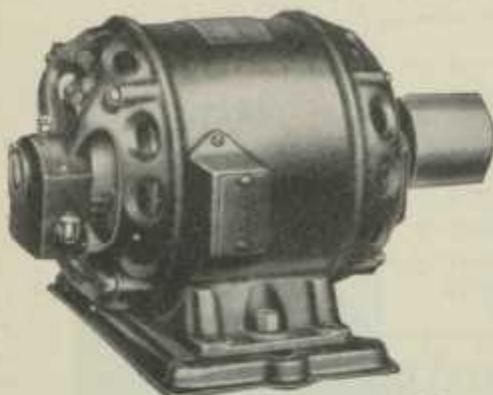
## HARTFORD FIRE INSURANCE COMPANY

Hartford, Conn.

*The Hartford Fire Insurance Company and the Hartford Accident and Indemnity Company write practically every form of insurance except life.*



"They Keep a-Running"



1/4 Horse Power Century Repulsion-start  
Induction Single-phase Motor

## A Better Motor

Backed by their 23-year "Keep a-Running" reputation, Century Repulsion-start Induction Single-phase Motors have always kept pace with developments in the household refrigeration and oil burner fields—in which they have occupied a dominant position since the inception of these tremendously growing industries.

In addition to a recent substantial increase in overall electrical efficiency, they have been constantly improved up to the point where

(1) They will operate without lubrication attention for at least one year of actual refrigerating and oil burner service... (2) They are exceptionally quiet—Inherent magnetic "hum" has been greatly reduced... (3) Exceptionally long brush life is assured because brushes touch the commutator only 1/900th part of the total time the motor is operating.

These and other improved features constitute the "difference" in Century Motors. Investigate Century superiority—specify Century Motors for all electric refrigerator and oil burner service. Built in all standard sizes from  $1/8$  to 40 horse power. Temperature rise not more than 40° Centigrade.

Century Electric Company  
1806 Pine Street St. Louis, Mo.

For More than 24 Years at St. Louis

*Century*  
MOTORS

1/8 to 40 Horse Power

in which human reason, foresight, sagacity or design cannot enable him to know or determine the result until the transaction has been carried out.

"Even a consideration or money expended has been knocked out as an element of a lottery by a court decision in the State of Washington in this instance:

"The owner of a picture theatre agreed with an advertiser to give tickets free to people to attend a performance. These tickets were good for certain prizes to be allotted by chance. The judge ruled that the inducement held out to attend the performance was a sufficient consideration to throw the idea into the lottery class."

"A New York court decided a case against the promoters of this idea: A man sold a quantity of money banks, the banks being worth the price. But accompanying the sale was the privilege to the buyers to take part in a drawing for prizes. The scheme was held to be a lottery on the theory that payment for the banks was also payment for a chance in the drawings.

"Nor can a scheme be worked where the prizes are called gifts. This was decided in a case in Maine many years ago. Every ticket holder was to receive a 'gift.' But as these gifts were not of the same value the court held that the element of chance entered into the idea—one contestant might receive more for his money than would another.

"Even when there are no blanks Texas courts have decided that a scheme is a lottery as long as the distribution is made by chance or lot.

"Court decisions in New York showed that if every participant in the scheme receives property of the same value, but at some future time, it is a lottery."

### The A. F. L. Wants Cooperation, Says President William Green

IN TWO magazine articles recently, William Green, president of the American Federation of Labor, advocates closer cooperation between Management and Labor, and even ventures to speak of production in a manner seldom associated with the policies of Organized Labor.

From the rostrum of the *Forum*, Mr. Green says:

"American Labor recognizes that the interests of management and workers, while not identical, are mutually interdependent and that standards of living can be permanently raised only by increasing the productivity of industry... real progress lies not in exploitation but in cooperation to find more efficient methods. Cooperation cannot proceed from one side only."

And in the *American Legion Weekly* he says:

"Now that progressive managements are increasingly realizing that the cooperation of their employees is necessary for efficient production gauged both by quality and quantity standards, the trade union demonstrates its additional capacity for service to its members and to the industry. If management opens the way, the trade union lends itself to the development of additional agencies for continuous cooperation in doing the day's work."

"This sort of a labor movement is worth millions to industry and to the nation."

### Nation's Business Article Brings Out Vigorous Replies

WHEN NATION'S BUSINESS printed "The Synthetic House of Tomorrow" in its August number a storm broke. Three of the more pertinent remarks brought out by the article are to be found in *American Lumberman*, *Lumber World Review* and *Wood Working Industries*. *American Lumberman* says:

"Since its organization the Chamber of Commerce of the United States has had no more enthusiastic or sympathetic support than has been given it by the lumber industry, both as associations and as individuals, but if a writer in the current issue of NATION'S BUSINESS, official pub-

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They can begin at once. Only one idea gleaned from them may make the time and expense they cost seem insignificant. Tear out the coupon now and give it to your secretary to forward.

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## Fringe Markets

"... and don't forget the fringe markets. They may pay the dividends tomorrow."

If you are interested in reading what Merle Thorpe had to say about fringe markets to the members of the National Industrial Advertisers Association at their recent meeting in Philadelphia, we'll be glad to send you a reprint of his address. There are a limited number of these reprints available. Write today if you'd like to have us send you one.

NATION'S  
BUSINESS  
Washington, D. C.

lication of the Chamber, is to be believed, the organization seems destined to be deprived of that powerful support. Not because the lumber industry has ceased to take an interest in the work of the Chamber, but because, if the public follows the suggestion of this writer and its evident approval by the United States Chamber of Commerce, there soon may be no lumber industry.

"The leading article in the August issue of the official organ of the Chamber is entitled, 'The Synthetic House of Tomorrow' and certainly is mighty fine propaganda for those interests who want to see wood abolished entirely as a home building material and the people induced to turn to the use of all kinds of substitutes.

"While harping on the favorite phrases of the substitutes, such as 'permanence,' 'sanitation,' 'safety from fire,' etc., this writer has added another string on which he plays the entrancing melody of 'wood too valuable to use' for its age-old purposes of making homes for the people, and advances the happy thought that 'as a construction material wood will soon be replaced by more suitable and more economical materials which have come from the chemical laboratory.'

#### New Competition in Building

THEN lest the reader may not be sure as to the identity of these materials that are to replace wood in the homes of this country, he is asked to turn to the advertising columns, and is reminded that a recent issue of NATION'S BUSINESS listed items totaling almost four million dollars being spent for national magazine advertising of lumber substitutes, and an estimate of thirty millions being spent annually in promoting these materials. Then there are named asbestos, brick, cement, tile, steel, gypsum, asphalt and various compositions for roofing and wall board. The writer then gently chides the substitute manufacturers for not doing more research, and adds the startling statement that 'one-tenth of one per cent of five hundred million dollars so spent would probably eliminate lumber.'

"Then the writer waxes enthusiastic over steel in home construction and sees the time near at hand when 'steel dwelling walls will be irresistible, combining the strength and safety of factory construction with the sanitation of the Pullman car and the beauty of the automobile. Our present stone and wood construction, made prehistoric almost overnight, will pass out swiftly as the carriage did.'

"In order to make the demolition of the lumber industry complete, this writer in the official organ of the Chamber of Commerce of the United States then proceeds to knock the very last prop from under the industry. It has been somewhat comforting all the while to feel that even if other materials were used for wall construction wood would continue to be the favored material for floors and interior trim. But even this is to be taken away, for does not this writer say, 'it is in the interiors that the most startling changes will come. Walls, wall coverings, floors, woodwork and furniture will all be composition, or synthetic materials.'

#### A More Favorable Criticism

OF A somewhat different temperature is the comment of *Lumber World Review*:

"Quite a hornet's nest appears to have been stirred up by the leading article in the August NATION'S BUSINESS, entitled 'The Synthetic House of Tomorrow.' The author is Gerald Wendt, who is director of the Division of Industrial Research of Pennsylvania State College. As that college also has a division of forestry and as the Chamber of Commerce of the United States has quite a clientele in the lumber industry, it should be obvious, we think, that neither the learned professor nor his associates really believed that his views would put lumber out of the list of commercial products quite on the scale some of his critics interpreted.

"This 'synthetic house of tomorrow,' was in main for a rather distant 'tomorrow' within the domain of thought where the author may

## In spite of the temptation to "Save" by using inferior materials build of FACE BRICK



Detail of House No. 619

THERE is something very taking in the idea of building as much house for as little money as possible. But don't yield to it. Or if you do—know beforehand how much repairs and depreciation you are letting yourself in for. There is such a thing as the extravagance of cheapness—avoid it.

Build *permanently*. If you feel that you cannot afford to build of Face Brick *now*—much better *rent* for a year or two longer, rather than put your savings and future income into any home less lasting than a Face Brick house.

But begin to *plan now*. The widely read "Story of Brick," beautifully illustrated, will give you valuable information. Sent free.

#### THESE BOOKLETS MAY INTEREST YOU

"*Face Brick Bungalow and Small House Plans*" embrace 128 designs of Face Brick bungalows and small houses. These houses are unusual and distinctive in design, economical to build, and convenient in floor plan. Issued in four booklets showing 3 to 4-room houses, 5-room houses, 6-room houses, and 7 to 8-room houses. The entire set for one dollar; and any one of the books, 25 cents. We can supply complete working drawings at nominal prices.

"*The Home of Beauty*" contains 50 designs of two-story six-room Face

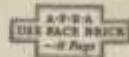
Brick houses, representing a wide variety of architectural styles and interior arrangements, selected from 350 designs submitted in a nation-wide Architectural Competition. Sent for 50 cents. Complete working drawings for these houses at nominal cost.

"*The Home Fires*," a most attractive fireplace book, with many designs, gives full directions for fireplace construction. Sent for 25 cents.

"*A New House for the Old*." Stop repairing and painting by veneering the old house with beautiful Face Brick. Booklet sent free.

#### AMERICAN FACE BRICK ASSOCIATION

1750 Peoples Life Building - Chicago, Illinois



## "Moving is 90% of making"

ACCORDING to the magazine *Industrial Management*, if you study your production or fabrication operations from the standpoint of time consumed, you will find that "moving is ninety per cent of making."

A most significant fact! Emphasizing the importance of efficient methods for "making" so that the "moving" will be a minimum.

And this holds especially for the cleaning department. Unless parts are cleaned thoroughly *the first time*, they may often be moved through several subsequent operations before they are finally inspected and rejected because of some imperfection directly attributable to poor cleaning. Think of the unnecessary waste in moving charges—not to mention the LOSS in cleaning material, time, labor, and decreased production.

If you are interested in better cleaning methods—methods that cut moving charges to the minimum, get in touch with us. No obligation.

These booklets give the facts.

- No. 879. *Cleaning Waste and Wiping Cloths.*
- 881. *Modern Metal Cleaning.*
- 997. *Wet Finishing Textiles.*
- 1042. *Modern Cutting and Grinding.*
- 1053. *Service Stations, Garages, etc.*
- 1130. *Oakite in Institutions.*
- 1182. *Cleaning in Dairies.*
- 1216. *Automotive Manufacturers.*
- 1222. *Cleaning in Railroad and Car Shops.*
- 1251. *Cleaning in Hotels.*
- 1422. *Oakite in Power Plants.*



*Oakite Service Men, cleaning specialists, are located at—*

Albert, Allentown, Pa., Atlanta, Ga., Baltimore, \*Binghamton, Brooklyn, Buffalo, Camden, Charlotte, N. C., \*Chicago, \*Cincinnati, \*Cleveland, \*Columbus, Ohio, \*Dallas, \*Des Moines, \*Detroit, Erie, Flint, Mich., \*Grand Rapids, Harrisburg, Hartford, Indianapolis, Jacksonville, Fla., \*Kansas City, \*Los Angeles, Louisville, Ky., \*Milwaukee, \*Minneapolis, \*Montreal, Newark, Newburgh, N. Y., New Haven, \*New York, \*Oakland, Calif., \*Philadelphia, \*Pittsburgh, Portland, Me., \*Portland, Ore., \*Providence, \*Reading, \*Rochester, Rock Island, San Francisco, \*Syracuse, \*St. Louis, Springfield, Ill., \*Tucson, \*Toledo, \*Toronto, \*Tulsa, Okla., Utica, \*Vancouver, B. C., \*Williamsport, Pa., Worcester.

*\*Stocks of Oakite Materials are carried in these cities*

# OAKITE

*Industrial Cleaning Materials and Methods*  
OAKITE IS MANUFACTURED BY OAKITE PRODUCTS, INC.  
OAKITE CHEMICAL CO. 21A Thames St., New York, N. Y.

be considered an authority, which he is not in his evaluation of the substitute building materials available at this time. He talks about a time when bakelite (which now retails at 2 cents a square inch in a thickness of  $\frac{1}{2}$  to  $\frac{5}{16}$  inch) will be obtainable on a cost to compete with wood or rather drive out wood for interior finish. He talks about the use of luminous paint on interior walls and ceilings to absorb solar energy in the daytime and give it off for lighting the room at night, though such a paint at the present time is heartbreakingly expensive even when applied, as it has been, to a single theatrical costume. A radium dialled watch costs about a dollar more than one lacking the small amount of luminosity applied to hands and figures.

### Synthetic vs. Improved Wood

UNDoubtedly in time we may have synthetic building materials of such refinement. The trouble is that the professor and his dreams of the future blundered into the field of very present and violent combat between wood and various very active substitute materials and there proceeded, as the saying is, to put his foot in his mouth, with the result that the lumber forces are wasting on this unique exhibition some of the ammunition needed to combat more direct attackers.

Leaving that, this editor wishes to voice his belief that the synthesized building material of some distant tomorrow will be not bakelite but synthesized wood, because wood is the chiefest and cheapest source of cellulose. It may be a semi-transformation, such as impregnating wooden shingles with some cheap synthesized wood compound having the qualities of the phenol resins to give them fireproofness and exceeding durability, or the similar treatment of interior finish, letting the original figure of the wood shine through rather than destroying it and then attempting to imitate it. It may be that for some purposes the cellulose and its binders will be combined in a plastic which can be molded into sash mouldings, whole doors and all patterned mouldings; and into liquid cements for various building purposes. The sawmill of the future (which will always cut as much of the tree into lumber as possible) may perhaps also manufacture these other synthetic materials from all the wood refuse available including that from the woods, using even the bark and twigs for product where sufficiently dark color is wanted to permit this.

Woodelite, not bakelite, will be the synthetic building material of the future. There will be no substitutes because it will have every desirable quality, including firesafeness. Stumpage will be more valuable than ever before and our national forests, responding to this new stimulus, will increase instead of decrease."

"Nevertheless," *Wood Working Industries* says to its readers, "the synthetic house of tomorrow constitutes a downright challenge to the wood working industries of America. Substitution for wood has only just begun. It may be true that the automobile industry has had its fill of steel and will return to a more general use of wood."

However, the automobile industry is just one industry and the warfare waged by wood substitutes is a general engagement running the entire gamut of our markets. How far such substitution will go depends upon the measure with which you anticipate the real menace which such substitutes hold for you and the degree with which you take preventive measures.

"The first essential for a sound approach to this proposition is to realize the great gravity of it. Here is an issue which can not be dodged. The tactics of that familiar bird, the ostrich, are sure precursors of ultimate disaster in this case."

"Such tactics, too often indulged in by members of the wood working industry, must go and go quickly. The idea that things will work themselves out without active participation on

the part of everyone in the trade is a subterfuge harmful in the highest degree.

"Once you realize that a real struggle is ahead, it then behoves you to take preventive measures.

"Needless to say, it is beyond the scope of this short editorial to outline what should and can be done to put the wood working industry into a sounder position. I will simply list a few things here.

"1. The warfare of substitutes will be conducted not only from the standpoint of performance but also from price. Hence, every effort must be bent not only to turn out a product, the performance of which can be definitely gauged and relied on, but measures must be taken to obtain more net usable content from each tree cut.

"2. Manufacturing and selling should be ceaselessly studied with a view to cutting costs wherever possible.

"3. Place your weight behind all efforts leading to the development of a national forestry policy which will insure a perpetual source of raw materials at reasonable prices.

"4. Align yourself with the various projects being developed by the National Committee on Wood Utilization.

"5. As this battle is between industries, not individuals, get together with the other members of your craft and see to it that your association does constructive work along these lines.

"6. Encourage the machinery men and other people from whom you buy supplies and equipment to interest themselves in these matters.

"7. Point out the demerits of some of these substitutes and spend some money telling consumers about the merits of wood."

### Your Milk and Your Letter

THE POST OFFICE is constantly being held up to us as an example of the efficiency of government ownership. Yet the National Dairy Council says that our milk is delivered to us in better time and more cheaply than our letters.

The bottle of milk, says the Council, usually weighs  $3\frac{1}{4}$  pounds and costs 4.2 cents to deliver by the milkman, the Council finds. The same weight requires 9 cents to deliver by parcel post.

When compared with mail, milk has a still greater handling problem, because it is perishable and must be delivered quickly. It must be kept cool and handled under strictly sanitary conditions throughout the time it leaves the dairy cow and is delivered on the door step.

Pasteurization, refrigeration, bottling and sterilization are the most expensive steps in any city's milk supply.

Under current conditions, if the farmer delivers his morning's milk and a letter at the station at the same time, addressed to the same person, the milk will be delivered many hours sooner than the letters, unless a special delivery stamp is used on the mail.

### An Old Newspaper

THE oldest newspaper in the world is probably in Peking, China, according to *Le Figaro*, Paris. It is the *Tsen-Tse-Kwan-Pao*. Recently it celebrated its thousandth birthday anniversary.

Every issue of this newspaper has been carefully preserved and filed in the official archives of the palace at Peking. The penalty for making a misstatement in this newspaper has been decapitation, and it is said that more than a few of its editors have suffered this fate in the past.

Since the revolution the paper has changed its title to *Tsen-Fou Koun-Pao*, which means "official government journal."

## Consular Inspector Makes Comment

TO KEEP his hustling consuls tuned up to concert pitch—and to smoke out any chance drones—Uncle Sam keeps a corps of consular inspectors moving over the map. Incidentally, these inspectors—drafted from the ranks of experienced consular officers—and visiting as they do the year around with bankers and business men abroad, often bring home some curiously clear and useful pictures of trade conditions abroad. Consul General Dawson, inspector for South and Central America, has a 20,000-mile trip to make when he visits his territory which includes every country from Honduras to Tierra del Fuego.

"Of course we've lost our war-time monopoly in South America," he remarked. "But today our actual position is much stronger than ever before. The American business communities in leading South American capitals are increasing in strength, and improving in quality. The class of men being sent out by our banks, industrial and commercial concerns, shows marked improvement. This has a favorable effect not only on our trade, but on our political and social relations with South America. Our prestige has increased noticeably. My impression is, taking South America as a whole, that there exists towards us a much more friendly feeling than was the case before the war. Our part in the war gave us, of course, added prestige.

"Also, a friendly feeling is being furthered by a growing tendency of South Americans to visit the United States for study, business and pleasure. The American merchant marine is another factor, and in particular the two passenger lines under the American flag. They seem to be preferred by the traveling public.

"Our banks have helped to a certain extent (and have, of course, been of great aid to our commerce), although it is to be regretted that they too frequently show a tendency to liquidate temporarily unprofitable branches and also to restrict credits in emergencies.

"While our position in South American trade, etc., impresses me as having appreciably improved as compared with that of Great Britain, the British have certain inherent sources of strength which will always insure them an important share of the market. Among these are:

- (1) Investments of capital in public utilities and other enterprises under British management which naturally purchase supplies from Great Britain.
- (2) The experience of British banks and British traders.
- (3) The fact that British concerns find no difficulty in inducing young Englishmen to remain abroad on moderate salaries.

### German Mergers

GERMAN SHIPPING tends strongly to go into the hands of a few large concerns. Early in 1926 the Stinnes fleet of 146,000 tons was sold to the Deutsch-Austral Company, bringing the tonnage of this concern to a total of 354,000, with services to practically all parts of the world except the eastern coast of North America.

The North German Lloyd is the largest of the German companies, having a fleet of 613,000 tons. The Hamburg-American Line comes second, with 440,000 tons in its fleet. The Deutsch-Austral is third in size.



**S**AFETY rests with the seasoned experience and attentive counsel which are brought to bear upon any financial problem. In selecting this old and conservative Bank for all your financial requirements you are endorsing in your own business the safe, solidly successful viewpoint which has been the governing policy here for 57 years.

We invite inquiries regarding the constructive help this Bank extends to business houses and banks that require Chicago facilities

FREDERICK H. RAWSON  
Chairman of Board

HARRY A. WHEELER  
President

# UNION TRUST COMPANY CHICAGO

*Offering the Seven Essentials of a Banking Home*

SAFETY • SPIRIT • EXPERIENCE • CALIBER • CONVENIENCE • COMPLETENESS • PRESTIGE



## Better health means better work in ~

BRUNSWICK  
G E O R G I A

*Living is inexpensive.  
Alert native labor is  
plentiful. Disturbing ele-  
ments are absent.*

*New industry is exempt  
from local taxes for five  
years. State levies are low.  
Georgia has no income or  
inheritance tax. Sites with  
both trackage and front-  
age on the Atlantic's  
finest landlocked harbor  
will be provided suitable  
industries.*



Keypoint  
to the Southeast

Health is the manufacturers' friend at Brunswick, Georgia's deep water port. Production curves are level, because even minor illness is unusual. Invigorating breezes from the ocean keep the summer cooler than many places north or south. Winter is warmer.

Summer temperatures average 76 degrees; winter, warmed by the Gulf Stream, has a mean temperature of 59 degrees.

This healthful, mild climate permits outdoor work every day in the year. Investment in buildings, often in equipment, is reduced. Then, too, Brunswick's unique combination of deep harbor, rail connections west, north, south, makes prosperous markets closer, raw material accessible. Intelligent labor, water-hauled fuel oil for power, are available.

Brunswick's landlocked harbor is the key to a rich empire. The largest ocean liners enter without tug in two hours—seven miles from the open sea to the farthest dock.

Forty miles of deep water front for docks. Over 21 square miles of anchorage basin. Two and two-thirds square miles over 30 feet. The channel is over 300 feet wide. Each of these facts helps reduce shipping costs. Three trunk-line railway systems—Southern, Atlanta, Birmingham & Atlantic, Atlantic Coast Line—fan out through the astounding Southeast development.

Florida is nearby. Georgia, Alabama, Tennessee, the Carolinas, Mississippi are rich in natural resources and markets. Twenty million prosperous consumers are within 24 hours of Brunswick. St. Louis, Louisville, Cincinnati, Chicago are closer than they are to the North Atlantic. South America, Southern Europe, the Near East, the Orient are nearer Brunswick.

Raw materials flow easily, cheaply, to Brunswick. Iron and coal from Birmingham, phosphate from Florida, minerals, fuller's earth, and clay from nearby Georgia points reach Brunswick at low cost. Rosin and turpentine are produced in vast quantities. Pure water gushes from artesian wells.

**BRUNSWICK**  
Georgia  
Address your inquiry to the  
Brunswick Board of Trade

## Winning Kiddies' Trade

By A. L. WHITE

IN a season when the theatrical successes have been few and far between, one theater in New York has been playing to capacity houses; in fact, on Saturdays might hang out the S. R. O. sign. This is Macy's Magic Midget Theater, which is operated in conjunction with the toy department on the fourth floor of Macy's department store, New York, and is open to the children who flock to the store every afternoon.

### Designs from Children's Stories

THE theater building was designed by Tony Sarg, and has little turrets and towers and balconies, reminding one of the old German fairy tales. One almost expects to see a princess in distress peering out from one of the little windows in the tower, seeking a Prince Charming who will effect her release. The outside walls of the theater are decorated with scenes familiar to all children, such as the Pied Piper, who is driving before him all the rats he could find, and is followed by all the children of the village. And there's Little Bo Peep and her sheep. Yes, and Jack climbing his beanstalk all unaware of the fierce looking giant hiding in wait at the top; and the poor troubled Old Woman who lived in a shoe, and the little pig starting off to market. The little theater building is fenced about, and cute little gateways lead into a path down through a miniature well-kept lawn to the theater door.

Within the theater, child-size benches, painted a bright orange, furnish seating capacity for about sixty children at a pinch. The stage which the children see is only a foot square, and is draped and hung with a small curtain of velvet. Back of this tiny stage is a regular platform with regular-sized stage settings, and on this platform before a large mirror the actors put on the various plays in pantomime. From this first mirror, the scene is reflected to a second mirror superimposed above it, and from this it is again thrown to a third mirror. This third mirror is the stage which the children see and it reduces the reflection of the actors to a six-inch size, so that the scenes appear to the children as though acted by tiny living fairies only six inches in height.

### Presentation of Plays

THE cast of the plays consisted of regular employees of the Macy store, and the plays, running for a period of from eight to twelve minutes, are such little plays as *In Toyland* and adaptations of the fairy tales which will appeal to little children. A young lady "stage director" attends to the costuming and arrangement of the plays, and at the beginning of each performance a fairy princess comes out in person and talks to the children, asking how many have been there before and what plays they would like to see the following week. Then she goes up on a little balcony at the rear of the theater, waves her fairy wand for the curtain to rise, and the play is on. Her real function is to watch the action of the pantomime to see if in any place it requires speeding up or slowing down in order to make it clearer to the children, but so far as the audience is concerned, she is a charming and pretty fairy princess.

And while the children are enjoying the

# If the pulse of your business skips a beat

## Sales

Oct. 5.....	50,000
Oct. 6.....	48,600
Oct. 7.....	60,000
Oct. 8.....	53,380
Oct. 9.....	11,400

do you know it  
instantly?

Only daily figures  
can tell you

IF your sales fall off or your shipments slow down, how soon do you know it? A week, a month, six months after it happens? Or do the telltale figures reach your desk *each morning* with the mail?

There is a way you can get at a glance—every day—a picture of each salient detail of your condition. A picture that shows exactly what you owe and what is owed you. A picture that gives you sales and shipment comparisons day by day, month by month, year by year—that locates every dollar and saves you possible costly errors.

With ordinary accounting equipment the task of keeping you thus

informed would be expensive—so expensive that you could not afford to have it done. With the right equipment far-sighted business men are securing this firmer, closer control of their business without adding a single name to the payroll!

This closer control can be secured without changing your present accounting routine. Our representatives are familiar with accounting systems in your field. At your convenience one of these men will gladly show you how you can keep a closer contact with your business. Ask your secretary to write or phone us today. Elliott-Fisher Company, 342 Madison Ave., New York City.

### MEMO FOR YOUR SECRETARY

ELLIOTT-FISHER COMPANY  
342 Madison Ave., New York City

Gentlemen:  Please send me a copy of your booklet, "Why?"

Please have a representative, familiar with my line of business, phone for an appointment with me.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

WHY?

JUST WRITE—ELLIOTT-FISHER DOES THE REST—JUST RIGHT



# Beyond the Reach of "Influence"

Few honest appraisals suit everyone.

Pessimists think them too high; optimists, too low. Their protestations and pleas, however threatening they may be, have no influence on our intention, which is: to make honest appraisals.

Our conviction that this is the only policy is dearer to us than profits. Or as a candid banker put it: "I know I can rely upon your values—you are big enough to be honest."

## The American Appraisal Company

MILWAUKEE

PUBLIC UTILITIES - INDUSTRIALS - REAL ESTATE PROPERTIES - NATURAL RESOURCES

A NATIONAL ORGANIZATION

*When writing to THE AMERICAN APPRAISAL COMPANY please mention NATION'S BUSINESS*

play, what are their mothers doing? Outside the theater are placed comfortable chairs where the mothers may rest from their shopping and wait for the children. Here, too, children gather for the next performance—the performances are run at half hour intervals—and while they are waiting they are amused by a clown in full regalia, who circulates about among them, jokes with them and registers them in the Macy Magic Midget Club, giving to each a souvenir button.

The register in which the children's names and addresses are listed forms a very interesting mailing list for the store.

While other shows in town have had only a short run or no run at all, this theater has been in operation for over a year, and there seems to be no waning of its popularity.

Children come once and then come back week after week for the shows, and the clown, who really is a young man in charge of the "outside" work of the theater, says that on Saturdays particularly he has his hands full to accommodate the crowds.

The initial cost of the theater was considerable, for besides the building, which was done in best Tony Sarg fashion, the three mirrors and their arrangements required a good-sized outlay of money. This is one of the first instances in this country of the installation of a system of reflecting mirrors to form a miniature theater, an idea which originated in Europe. Besides the initial cost, of course there is the cost of the weekly salaries for those handling the running of the theater. But all the expenditure has proved justified by the interest which the children have shown, and the good advertising of Macy's toy department, reflected by the increased sales.

## Picking Up Chips

IN TIMES past, about the only chips which were treated with serious and respectful consideration by the citizenry of these United States were red chips, white chips and blue chips. Chips of wood were regarded as of little or no account. Picking up chips about the woodpile might be a chore for children, but they were beneath the notice of grown men. In fact, it was deemed somewhat of a virtue for woodsmen to hew to the line and let the chips fall where they may.

Not so today. Not, at least, in the forests supplying the wood piles of a certain industrial plant in Tennessee, which carries in its yards about ten thousand cords of hardwood for distillation purposes. A new manager noticed that each stick in those ten thousand cords had two ends and that these ends were somewhat pointed. It occurred to him that there must be a whole lot of chips lying on the ground where that cord wood was cut. It was too late to pick them up, but from now on the woodsmen will no longer swing his broad axe and make chips as well as pointed cord wood. He will push a crosscut saw, make square-ended sticks, and leave nothing on the ground but little piles of saw dust.

The saving in wood, after deducting the excess cost of sawing as compared with hewing, will be about \$25,000.00 on each year's supply.

Twenty-five thousand dollars worth of chips is a pretty neat stack in any sort of game. It is but one item, however, in the sort of saving program that modern industrial management is committed to.

**FOOD -**  
*everyday for everybody*

Ceaselessly, through dairies, packing plants, canneries and mills, the endless stream of food pours into our national larder.

In the present system of food production, preparation and conservation, G-E Motorized Power serves a specific need. Electricity, economically put to work by means of G-E Motorized Power, pumps water to arid lands. It winnows, cleans and grinds the harvest. It furnishes power to packers and canneries. It milks cows, separates the cream and churns the butter. Applied to refrigeration it keeps fresh the most perishable foods.

Many products can be improvised. But our supply of pure, wholesome food—every day for everybody—must be never-ending. So, in the food industry, as in all other industries, G-E Motorized Power serves a basic need—unfailingly and with economy.

G-E Motorized Power is more than a motor or its control—it is a practical and economical application of electric power. "Built-in" or connected to all types of industrial machines or household appliances, G-E Motorized Power provides lasting assurance that you have purchased the best.

 **MOTORIZED POWER**  
*-fitted to every need*

# GENERAL ELECTRIC



## *Collar the sneak-thief!*

**G**ET HIM before he gets at your property. Force him to stay out.

Put up that unfailing barrier against sneak-thieves, night-prowlers and firebugs—a high, unclimbable Anchor Chain Link Fence.

For complete information—phone, write or wire our nearest office or sales-agent. We are prepared to erect fences promptly in practically every section of the country.

**ANCHOR POST IRON WORKS**  
9 East 38th St., New York, N. Y.

Albany      Boston      Detroit      Minneapolis  
Chicago      Cincinnati      Harrisburg      Philadelphia  
Cleveland      Los Angeles      Hartford      Pittsburgh  
San Francisco

*Sales Agents in Other Cities*



# Anchor Fences

of COPPER-BEARING STEEL WIRE  
GALVANIZED AFTER WEAVING

## Ourselves as Others See Us

By RAYMOND C. WILLOUGHBY

FLORIDA MAY seem all things to all men, but to C. H. Whitaker it is the architect's paradise. From his lively picture in the *Architect's Journal*, the *London Review of Reviews* extracts this chromatic detail of the new Florida:

**So Florida Is Where Rainbows Get Their Stuff**

Freedom is in the air. The styles, so to speak, are having a vacation, although the savor of Spain and Italy, Morocco and Arabia is all over the land. But what a relief after the dull and the drab of the United States! There is no color timidity here. There is, of



course, a riot of color. Tiles and paint provide it, and it has been used in endless combinations of every hue known to the palette. Anything goes if it looks like Spanish. And the rest of the United States is so prim and precise in its architecture, so timid and so shrinking that it is truly refreshing to come upon a land where color reigns.

A FOREIGN MEASURE of the increasing importance of organized business in a nation's life is provided by the *London Times Weekly Edition* with

**So Might the** saying that—

**U. S. Chamber's** The war and the dis-  
**Work Be Praised** ruption of commerce and industry which it en-

tailed have led to far wider recognition of the fact that the strength and prosperity of modern civilized nations depend upon successful trade, and those who remember the annual meetings of the Association of British Chambers of Commerce in the closing years of the last century have witnessed a remarkable change in the relations between the Government and the business community. It must be confessed that in those distant days very little notice was taken of the resolutions passed by the delegates; it is on record that for more than thirty years resolutions on one subject were regularly carried at annual meetings before the Government took any actions. Today the position is entirely changed, and there is a close liaison between those departments of state which are concerned with trade and the representative organizations of business men. Every year the bond between them grows closer. Ministers gladly take counsel with the chambers, and the chambers on their part gladly place their experience and practical knowledge at the disposal of the government of the day.

NEITHER the quick nor the dead in America has been overlooked in the gratuitous foreign judgments of our so-called "machine-made" civilization. A new note of criticism is sounded in the *London Spectator*—our cemeteries are not all

they should be, when measured by old world standards. Writing on Rock Creek Cemetery in Washington, E. J. Howard contrives

a depressing picture of our mortuary monotony:

Monotony in the air, the slope, the trees! High on the highest fir sang a mockingbird, its note dulled by the air.

I looked around at the gray slabs of stone. The stone-cutter had not put his heart into the work. Machine-helped he had cut them to order. There was no sign of beauty there!—only monotony and the massive square stones.

My mind harked back to the ivy-colored tombs of an English churchyard before a Norman door, surrounded by laurel hedges. Here and there old letters appeared in the gaps of the ivy.

I remembered the churchyards of Italy, where the cypress rose and tombs were artists' work; where the stone-cutter had taken interest in his work, and had given his best to those that were then but a memory.

I had a vision of barren plains and hills on many of which stood out high white walls against the Spanish sky—a reminder of those that lay buried within, or a demand to man to make a short pilgrimage up the hill to enter by the small wrought iron gate and pray in the burning sun. But visions pass, and I was among those monotonous gray slabs.

WITH THE ANNOUNCEMENT that the Duke of Portland has converted his estate into a "limited company," the *Manchester*

*Guardian Weekly* ex-  
**It Is Not the** plains that he is the  
**Cost of a Duke,** fifth duke to take that  
**But His Upkeep** course. Floating a

duke would seem a job for liquid assets for the *Guardian* delicately suggests that Americans might be induced to contribute to the success of the launching. Now is the time for all good Americans to come to the aid of the dukeries, the *Guardian* believes. It reasons that—

Seeing how dearly the good American is said to love a duke it seems a pity that something cannot be done to interest people on the other side of the Atlantic in these ducal flotations. It is not every American who can hope to marry his daughter to a duke, but any number might take up shares in the family estate—if



they were only permitted. And even if they are not permitted, it might be worth somebody's while to persuade them that they are. The suggestion is thrown out in the hope that some of the "flat catchers" who have lately been "operating" in this country on behalf of oil wells might now go home and induce their own countrymen to take up small holdings in a duke or two.

IT IS THIRTY years since Lord Bryce proclaimed municipal government in America a failure because

**The Crime Crop** of the corrupting in-  
Never Has Had fluence of patronage

**A Bad Year** policy in the assign-  
ment of contracts, but today a contributor to the survey of crime

WITH the growing trend towards individual market analyses and the use of newspapers by national advertisers, the Business Survey of The Chicago Tribune presents on this page highlights and minutiae of zone marketing, the Chicago Territory, and of The Chicago Tribune.

## From the

"The New York Times has for years led all newspapers in the United States in volume of national advertising, weekday and Sunday."

—from an advertisement of the New York Times in Printers' Ink, July 15, 1926.

LITTLE old New York! Even we feel we must go there twice a year. Now we'll tell one.

To the child in the backyard the whole world lies within the surrounding fence. The prim hedges, the shell walks, the scented posies—all are geography's limit. New York is the United States and New York newspapers are the only newspapers in the United States. We, who have been taught a different geography, enjoy the New York idea, knowing that beyond the fence lies tremendous territory.

We are informed that The Times figures automobile lineage as national. Combining The Chicago Tribune's national and automobile lineage, we printed 406,497 more lines than The Times during the first half of 1926.

"The New York Times led all newspapers in the United States in volume of national." Before writing such an advertisement they should have topped the 4,150,729 agate lines which The Chicago Tribune carried the first six months of this year.

From the standpoint of value to the advertiser, competitive lineage figures are only a part of the story. A true measure of advertising value is the "milline." It is a complete, revealing measure of what the advertiser gets, excluding intangibles. Let's try it on The New York Times:

#### Millines of National Advertising in The New York Times

Agate	Circulation	Millines
1,935,874	356,471	690,082 Daily
1,808,358	610,041	1,103,172 Sunday

3,744,232 Total

#### Millines of National Advertising in The Chicago Tribune

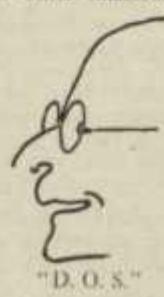
Agate	Circulation	Millines
2,438,280	300,432	1,707,876 Daily
1,712,449	7,067,990	1,863,127 Sunday

4,150,729 Total

The Chicago Tribune carried 10.8% more agate lines and 99.1% more millines than The New York Times. Paraphrasing Hannibal: "Beyond the Jersey Shore lies America."

#### Personalia

DONALD OGDEN STEWART, author of "Perfect Behavior" and other hilarious items, is now under contract to The Chicago Tribune. He will do a weekly stint captioned "The Other Day." ROSITA FORRES of England and parts east—Asia Minor and Africa—is the author of "King's Mate" the new Tribune serial beginning in the Magazine Section August 22nd. Rosita is the lady who, a few years ago, donned the disguise of a Bedouin woman and succeeded in penetrating as far as Kufara in Libya, forbidden to Europeans since 1879. That's travelling! JAMES O'DONNELL BENNETT's stories of the recent Eucharistic Congress have been made



"D. O. S."



Tribune  
Tower

Knickerbocker . . . Personalia . . . Keeping Up With the Parade . . . Frigidaire . . . Hoover . . . Eggs . . . The Tower

## TOWER

standing leadership it holds in the general electric field.

Sales and advertising policies were made to fit the market. Eight full pages were run in THE CHICAGO TRIBUNE reaching 65% of all the families in 1,151 towns of this rich area. No other Chicago newspaper was used.

The Stover Company, distributor of Delco Frigidaire electrical refrigerators in the Chicago territory, within six months after the first advertisement appeared quadrupled sales.

Mr. E. G. Birchier, president of the Delco Light Company, passed over the garlands gracefully. "We consider our test campaign in THE SUNDAY TRIBUNE a decided success and have authorized a non-cancellable schedule of at least thirteen full pages in 1926."

An opportunity of equal proportions is offered to other manufacturers who like to think through the surface.

#### Hoover

"Very few producers have the capacity for selling the United States as a whole, but we find many of them trying to do this. Much effort is lost upon some territories which, if properly studied, would fail to show possibilities sufficient to justify the expense of advertising and selling. A great many manufacturers would undoubtedly find that by limiting their efforts to more circumscribed areas and intensifying their sales activities in such areas, they would not only reduce their selling costs but would probably produce a larger volume of business. The study of the individual sales area, therefore, is of great importance to the sales and advertising departments." —Herbert Hoover.

The sales executive interested in data on the Chicago territory will find constant use for the 1926 Book of Facts. Write for a copy on your business letterhead.

EARLY settlers gauged the richness of soil by its stand of timber. Given a river bank, a plenitude of sunlight and air, a soil stronger in essential elements, a period of serenity, without serious mishaps of wind or rain or drought or infection, and the planted sprig grows into a towering tree of unusual height and health.

Similarly, the TRIBUNE TOWER is the significant symbol of a lush land, a fortunate Chicago territory. The Tower represents the prosperity not only of THE TRIBUNE, but of the people who make THE TRIBUNE, the audience who not only pay for the newspaper but who by their purchases and prosperity have made THE TRIBUNE pay out for users of its advertising columns.

#### Which Egg?

Two eggs may look alike and the china one may fool the hen—but it is a safe prediction that no amount of setting will hatch out more than one chick. Markets present many like characteristics—surface. But one lacks the germ of buying power; the other is capable of continuous intensive and profitable sales cultivation.

PO TOOP



*The Pan-American Union, maintained by the twenty-one American Republics. Messrs. Albert Kelsey and Paul P. Cret, Architects*

# Douglas Fir... at the Nation's Capital



FOR SEVENTEEN years, visitors by the thousands have been admiring the Douglas Fir room in the Pan-American Union Building at Washington, D. C. This masterpiece of architecture is intended to be a true expression of Pan-Americanism, containing specimens of the best in art and decoration of each of the twenty-one American republics.

That Douglas Fir with its characteristic satin-figured, "born-in-the-wood" pattern should have been chosen for all of the interior woodwork, paneling and doors of one of the reception rooms of this monumental structure is a tribute to the beauty of this West Coast wood.

Douglas Fir is just as suitable for your own home as it is for famous public buildings. It is not only a decorative wood of rare beauty, but it is also a strong, stiff, light framing lumber and a weather-resisting exterior, sash, frame, siding, gutter and trim material of great durability. It is not apt to warp or check, because where exposed to the weather it is usually all heartwood. It holds nails and screws firmly and may be painted, varnished, stained, enameled or waxed to perfection.

Douglas Fir now has nation-wide distribution. It is easy for your architect and contractor to obtain Douglas Fir through your lumber yards in any size and shape required for home building or heavy construction.

## Durable Douglas Fir

AMERICA'S PERMANENT  
LUMBER SUPPLY

Mail the coupon or a postcard for the new, free illustrated treatise, "Durable Douglas Fir—America's Permanent Lumber Supply." This was written by a forester and gives interesting, authentic information about Douglas Fir. You should have this booklet before you build.

WEST COAST LUMBER BUREAU, 3562-D STUART BUILDING, SEATTLE, U. S. A.  
Please send me a copy of your free booklet, "Durable Douglas Fir—America's Permanent Lumber Supply."

made by the American Academy of Political and Social Science finds reason to believe that "most of the politics driven out of those more profitable interests has found a lodgment in the processes of justice." When considering "the alarming testimony to the increase in America of crime of all sorts," the *Manchester Guardian Weekly* asserts that

the enormous increase in crime in the United States in the last decade is a source of grave concern to the nation. The press never tires of emphasizing it by ramming home such uncomfortable facts as that there are more homicides in Philadelphia in a year than in the whole Dominion of Canada, or that a murderer in the United States runs only a 5 per cent risk of paying the penalty of his crime as against a .93 per cent risk in London. Such figures are no doubt more sensational than accurate . . . True, some of the factors that have set the crime wave mounting higher and higher are temporary and remediable. The multiplication of new offenses from holding "radical" opinions to consuming "bootleg" liquor, contributes to swell the statistics of law-breaking. The undisciplined immigrant who takes some time to become a good American plays his part; a ubiquitous and largely sensational press and cinema contribute to the same end; and to the general unrest following upon the war years a certain amount of disorder may be attributed. These causes of crime will be overcome. But a more fundamental cause of the State's failure to keep order lies in that vicious invasion by politics of the administration of justice with which America is cursed.

NEW POSSIBILITIES of varying the "interrupting idea" approach to captivate the interest of prospective customers is suggested by

**Well, No Matter,** mock mêlée at Scarsdale in commemoration of the battle of White Plains, as reported in the *Manchester Guardian Weekly Commercial*. As the correspondent saw it, the banging of guns was only a prelude to the booming of lots—a plot for battle with plots for building. His dispatch reads:

The art of salesmanship has many curious manifestations in the United States, and the latest sample comes from Scarsdale, a suburb of New York. Near it took place during the War of Independence a skirmish known as "The Battle of White Plains," and some enterprising spirits decided to make good commercial use of a celebration of the sesquicentennial of the battle. Some units of the American army, 700 strong, with machine guns, aircraft, and tanks, were induced to attend, and there was a parade and considerable speech-making. Then upon the assembled crowd descended a tribe of real estate salesmen who distributed announcements in the following terms: "The ground which has been consecrated by our own revolutionary forebears will at this point lose its identity as a battleground and become the homesites for thousands of patriotic Americans. May we cordially invite you before you leave to make a more minute inspection of this famous ground, which is now subdivided into building plots 100 by 50?"

ATTEMPTS AT NATIONAL profiteering tend to impoverish the world as a whole, and are examples of bad international practice, contends J. M. Keynes in the London *Nation and The Atheneum* when discussing Mr. Hoover's reported declaration of "economic war" against those foreign governments "which might control the supplies or prices of raw

Name \_\_\_\_\_

Street \_\_\_\_\_ Place \_\_\_\_\_

Important West Coast Woods—DOUGLAS FIR, WEST COAST HEMLOCK, WESTERN RED CEDAR, SITKA SPRUCE

When writing to West Coast Lumber Bureau please mention *Nation's Business*

*In a Watch  
there can be  
no substitute  
for  
ACCURACY*

THE "JEFFERSON"  
The beautiful new pocket  
Hamilton shown in the illus-  
tration. Case of green  
or white filled Gold, 17-  
Jewel Adjusted Movement

\$50



From engine cab to observation car  
*the same accurate watch*

 **T**HE list of railway engineers and conductors who carry Hamilton Watches would read like a "Who's Who" of men who operate famous trains. The crack trains of many famous railroads—such as the Broadway Limited, the 20th Century Limited, the Overland Limited, the Californian and others—are kept to schedule by the accurate Hamilton.

And in the observation car and pullmans of these famous trains you find passengers who value their time carrying this same accurate watch. Men who need an accurate watch and want a beautiful one, choose the Hamilton. The newest and smartest of cases and dials, exquisitely thin and beauti-

ful, encase the watch of railroad accuracy.

 Ask your jeweler to show you his assortment of Hamiltons. He can show you a wide variety of Hamilton pocket and strap watches for men, and charming wrist watches for women. Prices \$48.00 to \$685.00. All models have the same enduring Hamilton accuracy. Many splendid models at \$50.

We have prepared two very useful booklets, "The Care of Your Watch," and "The Timekeeper." We will gladly send both on request.

Address Hamilton Watch Company,  
895 Columbia Avenue, Lancaster, Pennsylvania, U. S. A.

**Hamilton Watch**  
*The Watch of Railroad Accuracy*

# Associated Gas and Electric System

Founded in 1852

## Consumer Confidence

Customer ownership means not only an opportunity to invest; it indicates also the confidence which the customers have in the company that serves them.

Customer ownership among public utilities began about 1914, but it did not develop actively until after the World War. In 1919 there were 45,000 customer owners in the electric light and power industry as a whole; at the end of 1925 there were approximately 1,307,000—a twenty-ninefold increase.

The customer investors in the Associated System during the same period increased from some 600 to approximately 21,000—a thirty-sixfold increase, reaching a ratio of 1 investor to every 13 customers.

The management of the Associated System prizes the confidence which the consumers—those who know the company and its daily business methods—have in it, and realizes its obligation in maintaining a sound, growing business.

## Associated Gas and Electric Company

Write for our booklet, "Interesting Facts"

Associated Gas and Electric Securities Company

61 Broadway

New York



Who  
Where  
When  
Why  
How?

The facts  
you want  
about **OAKLAND**

**WE CAN** answer the questions that you want to ask about Oakland.

This bank can give you expert counsel and sound advice as to the desirability of establishing branch factories or offices here. For fifty-nine years this bank has helped build Oakland. It is the largest bank in the community. It can give you the help you want.

Your inquiry will be answered accurately, quickly and confidentially.

**The Oakland Bank**

12th & Broadway, Oakland, Calif.

47-105

materials”—a declaration that had “special reference to the scheme of rubber control enforced by the British Colonial office, and the governments of certain Crown colonies, but he also specified cotton, camphor, iodine, nitrates, potash, mercury, and sisal.” Of Mr. Hoover’s position, Mr. Keynes writes:

As a member of the Republican administration which is committed to one of the highest tariffs in the world, he cannot be opposed to this kind of governmental interference to raise prices or to injure foreign producers. As an administrator of the Webb act, which provides that American exporters shall be freed from the restrictions of the Sherman anti-trust law against combines at home, he cannot be an opponent of the exploitation of the foreigner by private monopoly. As a colleague of Mr. Mellon, on the one hand, Secretary of the Treasury, and on the other hand, the power behind the Aluminum Company of America, which controls the price of aluminum throughout the world, he must be able to control his indignation against such practices. As a subordinate of President Coolidge, who supported but a few weeks ago a measure which would advance financial aid to farmers who desire to hold crops in expectation of a rising market, he must at least have learnt to suffer these notions in silence. Finally, as an advocate of the Cuban Sugar Restriction, he has seemed to fall in with my argument as to the essentially reasonable character of measures of this kind.

If the Eastern rubber producers aim at maintaining permanently a price level above the eventual cost of production elsewhere, Mr. Hoover is justified in encouraging production in new districts. He is also entitled to denounce tariffs and all public and private instruments of international monopoly as examples of bad international practice, provided he is ready to apply his principles impartially all around. But I think he would do well to make an exception in favor of all schemes the primary object of which is not to make abnormal losses. If he is interested in general principles, he might think the matter over again with this criterion in view.

AT THE PITTSBURGH Institute of Industrial Research experimental inquiries have been made into the nature, origin and results of sleep, a form

of human industry which the *Manchester Guardian Weekly* believes is certainly as important as most when judged by its popularity, but “it has been somewhat neglected

## Winter Motoring Troubles Banished!



Delayed start mornings, missing, spitting, jerking, all the annoyances of a cold engine can easily be eliminated by merely keeping your garage warm.

And besides all the annoyances and inconvenience there’s a tremendous saving—oil dilution, increased gas consumption, scored cylinders, overloaded battery, ruined finish—all are avoided.

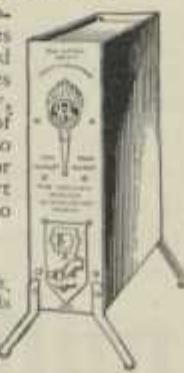
### SCIENTIFIC

#### Safety Garage Heater

completely solves the problem of warming garages safely, conveniently and economically. It ventilates the garage, keeps it dry, gives even circulation of warmth, has no water to freeze, requires no care or attention, can cause no dirt or trouble, and occupies no needed space.

#### Free Booklet

A postal brings our booklet, “Winter Motoring,” which tells about the Scientific Garage Heater and gives valuable hints that save time and money in winter.



**The SCIENTIFIC HEATER COMPANY**  
2102 Superior Viaduct, CLEVELAND, OHIO



by advocates of ‘big business’ and the strenuous life.” As the *Guardian* sees it, the general outcome of the investigations seems to be that nothing puts a good man quicker out of his stride than the base habit of slumber.

On the Pittsburgh showing, what most of us do is, apparently, to toil on throughout the day with a more or less impaired instrument which gradually reaches some degree of sharpness just about the time that we are prepared to “knock off” and go home. Since this arrangement fits in perfectly well with the inclinations, and even the ambitions, of the majority of the world’s workers it is to be hoped that there will be no attempt to interfere with it as a result of the Pittsburgh inquiry.

## Insurance Facts for Business Men

ONE TYPE of insurance will not meet the needs of every business man. This point is emphasized in an analysis of life insurance for business men published by the Insurance Department of the National Chamber.

Four regular forms of insurance have been developed to meet the variety of corporate and individual requirements.

These four are: term, ordinary life, limited payment, and endowment.

Each has certain peculiarities that make it more useful in some cases than in others. The business man must know what the uses and the provisions of the different types of insurance are more intelligently to adjust his insurance to his business or personal requirements.

### Different Forms of Insurance

TERM insurance has been devised for the policyholder interested in protection for a limited time, and who does not wish to provide insurance for the entire span of his life. It is generally written for a five, ten, fifteen or twenty year period. Since term insurance is a temporary matter, there is generally a renewable or convertible clause incorporated in the contract.

Ordinary life insurance is designed to afford permanent protection. This is such a popular form of insurance that there is no need to go into explanations of it.

Limited payment life insurance differs from ordinary life, only, in that after a fixed number of years the policy becomes paid up.

Protection is the main consideration of the three forms of insurance already discussed. Endowment insurance, on the other hand, is designed for the person who particularly desires to build up a savings account of a definite amount in addition to protecting his beneficiary during the period of accumulation. It is written either payable in five, ten, fifteen, twenty or twenty-five years or payable at a certain age such as sixty, sixty-two, or sixty-five. The limited payment endowment contract provides for the payment of premiums during a period shorter than the endowment term. For example, a forty-year endowment policy may be paid for in twenty annual premiums. Its face value is payable at the end of the forty years or at death, if it occurs before the due date of the policy.

### Examples of Contracts

THE Insurance Department publication gives some typical examples of the uses of the different contracts. All the examples cited would fit the circumstances of large numbers of people; but a few of them are particularly universal in application. These latter are quoted here:

A business man needing permanent protection primarily, and not particularly interested in accumulating a large amount of savings through insurance, will find the ordinary life policy desirable because he can obtain it at the smallest annual outlay of money. Term insurance furnishes protection at a low premium but only for a limited period.

A rising young business man may have excellent prospects but a small income. Not being in a position to carry all the permanent insurance he may need for the protection of his dependents, he may prefer to secure a term policy with the privilege of converting to some



## Does Banking Service mean Business Service to You?

EVERY day this bank is solving problems, adjusting unusual situations, and smoothing out difficulties for its customers.

In a foreign exchange transaction involving \$1,000,000, the facilities of the Guaranty's foreign offices, combined with our advice, saved a depositor from possible loss.

Time was the vital factor and we arranged to hold open a telephone line between our London and Paris Offices, subject to cable instructions from New York. This unusual set-up attained the necessary speed of transmission.

The depositor called it the most distinctive banking service ever rendered to him.

When you unite facilities such as this Company possesses with the personal service of experienced officers, you have a combination most desirable in your banking connection.

We invite executives of business houses to allow us to prove this to their satisfaction.

## Guaranty Trust Company of New York

140 Broadway

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP

## FINE HOTELS USE

## TERRA COTTA



Main Entrance, Olympic Hotel, Seattle, Washington,  
Geo. B. Post & Sons, Architects; Bebb & Gould,  
Associate Architects

**TERRA COTTA** is widely used for the exterior finish of many of America's finest hotels, either entirely, or as in the above illustration, for the finish of the lower stories and principal features of architectural enrichment throughout all facades. It gives distinction, beauty and permanence.

## NATIONAL TERRA COTTA SOCIETY

19 West 44th Street

New York, N. Y.

(On behalf of the Terra Cotta Industry in the United States)

other type when his financial circumstances have improved.

A family man who expects his children to be self-supporting within a certain time, say five or ten years, may desire to have additional protection until then. A term policy may be taken out to bridge this period.

Many people are unable to buy their homes outright, and must mortgage them. By the use of endowment insurance, the funds necessary to clear the home of debt may be provided, whether the policyholder lives or dies. In cases where part of the principal of the mortgage must be paid annually and the balance upon expiration of the mortgage, it is possible to secure a mortgage redemption policy which will provide the necessary funds. This is either a combination of endowment insurance and term insurance or decreasing term insurance alone. As the various annual payments are made, the amount of insurance is reduced.

Parents desiring to provide the means to give their children a college education may use endowment insurance, and thus distribute the financial strain over a period of years. Besides building up a fund, the policyholder also receives extra insurance protection while the children are young. Provision may be made for payments to the beneficiary in monthly or quarterly instalments during the period covered by the child's education. For this same purpose, some companies write a "child-endowment" policy on the child itself, rather than on the parent. Many experts think it better to issue the policy on the life of the parent; then in the event of the death of the parent the child is assured the necessary money.

Various business uses are thus summed up:

Death may come prematurely and deprive an organization of its leaders or valuable employees upon whose judgment, knowledge or influence it has completely relied. Business insurance is a safeguard against the loss of these human assets, just as fire, marine, plate glass and similar forms of insurance provide indemnity for the loss of material assets.

This discussion naturally brings up an important consideration—the administration of life insurance. Trust companies have developed special services for the care of insurance trusts. When an insurance contract is taken out, policyholders might well consider making definite disposition of the insurance money in the event of a claim.

## Denmark's Farms

AGRICULTURAL PROFITS seem to be pretty good these days in Denmark. There was a time when Danish agriculture was in a sad state, but the earnest and unremitting effort devoted to improving efficiency of production and quality of product, and marketing it, have apparently brought reward.

Denmark has an Agricultural Business Bureau. Its figures are in hectares and kronen. The hectares are easy enough to translate into acres but fluctuations in rates of exchange bring difficulties in changing kronen into dollars. In order to err in the direction of understatement rather than of exaggeration, one may take kronen at their highest value during the year.

With the calculations on this basis, the average investment last year for agricultural purposes worked out, for all of Denmark, at approximately \$278 an acre, the gross earnings averaged \$124 an acre, and the net proceeds averaged \$26 an acre, or 9.6 per cent on the agricultural investment. These earnings meant that after deducting interest on investment at 5 per cent, each farming family had an average of \$20 an acre as the reward for its efforts.

# Your Sales Manager Knows how Readily the Public will accept an *Improved* Product

*The Universal Electric Range people have added Stainless Steel to their Sales Force*

The fact that the oven lining won't rust because it's made of Stainless has been an important selling feature for Universal Ranges.

In some sections of the south, such as Florida and Texas, ordinary oven linings sometimes rust out in barely a year's time—and that's a sad condition for any manufacturer to face. But Stainless solved it and immediately became an effective sales argument—not only in the South, but everywhere, because Stainless is always easy to clean—lasts longer and is certainly much more acceptable to women the world over—*Women Like Stainless*.

ASK your salesmen what it would mean if they could say—"this is made of genuine Stainless Steel." They'll tell you it would mean more sales—more dealer interest—more consumer "calls."

Dealers in every line are awake to Stainless Steel. They know it means an improved product—one that's easier to sell. Stainless Steel furnishes a sales argument they are quick to use. Because it won't rust—or tarnish—or corrode. Because it's proof against most acids—tougher than ordinary steel. Because polished Stainless never needs replating—wiping with a cloth keeps the polish bright.

Think of these qualities—as applied to *your* product or to parts of it. Would it be a help with salesmen, dealers and consumers, if you, too, could say—"it's made of genuine Stainless."

Think it over—talk it over—and write to us if we can help you discover just how Stainless Steel can be used in your products. The greater saleability thus provided would mean that you step out of the maze of price competition into an improved product—and new leadership.

AMERICAN STAINLESS STEEL COMPANY  
COMMONWEALTH BUILDING • PITTSBURGH, PENNSYLVANIA

*Perhaps some of the machines in your factory would serve you better if certain parts were made of Stainless Steel. This has been found true in literally hundreds of instances where rust, corrosion, stains or excessive wear made ordinary metals too expensive to use and continually replace.*



**Talk STAINLESS POSSIBILITIES with your SALES MANAGER**



AMERICAN STAINLESS STEEL COMPANY  
Commonwealth Building, Pittsburgh, Pa.  
Send me a copy of your booklet "Stainless in Industry"  
Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

# Make your advertising a paying investment

Advertising cannot consistently be a paying investment if handled by playing hunches. It must be planned and executed in a businesslike way in logical relation to sales activity.

Its every expenditure must be judged by weighing the work to be done against the cost of doing it.

*The Direct Advertising Budget* is a text book on this method of management as the sole guarantee of effectiveness. It applies to direct advertising the same sort of practical budget system as already controls production, selling and national advertising in all well regulated establishments.

*The price is one dollar. But to executives who are determined to put their direct advertising upon a profitable basis, a copy will be gladly sent free upon request.*

**EVANS-WINTER-HEBB Inc. Detroit**

816 Hancock Avenue West



The business of the Evans-Winter-Hebb organization is the execution of direct advertising as a definite medium, for the preparation and production of which it has within itself both personnel and complete facilities: Marketing Analysis - Plan - Copy - Art - Engraving - Letterpress and Offset Printing - Binding - Mailing

THERE should be one magazine whose advertising pages constitute practically a directory of the best industrial announcements in the country.

Look over the pages of NATION'S BUSINESS with this in mind



## Spray Finishing the Modern Standard

THE automobile and furniture industries are practically 100% equipped with the spray-finishing system in place of hand-brushing. Manufacturers of almost every type of product are finding applications of this time- and labor-saving method to meet their requirements.

If you are not already using Paasche air-finishing equipment it will pay you to investigate, no matter what your conditions. We specialize in this one line only and will be glad to put our experience at your disposal.

**Paasche Airbrush Company**

1913 Diversey Parkway, Chicago

NEW YORK  
54 Dey Street

CLEVELAND, OHIO  
418 Perry Payne Bldg.

11-237 General Motors Bldg.  
DETROIT, MICHIGAN

Paasche portable spray painting outfits also show big savings in painting exterior and interior of factories, office buildings, tanks and miscellaneous structures. Ask for details.

## Government Aids to Business

Reports of government tests, investigations and researches included in this department are available (for purchase or free distribution) only when a definite statement to that effect is made. When publications are obtainable, the title or serial number, the source, and the purchase price are included in the item.

A SURVEY OF THE New York Live Poultry Market is being undertaken by the Department of Agriculture as a basis for suggesting improvements in the present system of doing business and to determine the advisability of establishing a market news service on live poultry for the

city. The work was undertaken at the request of the New York Live Poultry Commission Merchants' Association and the New York Attorney-General's Office.

The basis on which the prices of live poultry are determined at the present time, and the way in which these prices are determined is the subject of the first part of the survey. The question of grading poultry will also be considered, and the present system studied with a view to suggesting improvements in line with the Federal Inspection Service.

Other questions that will be studied are: the extent and importance of the market, the influence of seasonal demand, the character of competition, losses under the present system, the physical facilities for handling poultry, and the factors affecting prices.

TIMBER GROWING AND Logging practice in the California pine region is the subject of a bulletin put out by the Department of Agriculture.

It is the first of a series that is being prepared by the Forest Service to determine the minimum measures needed to prevent forest denudation

and the measures needed for growing timber as a commercial crop.

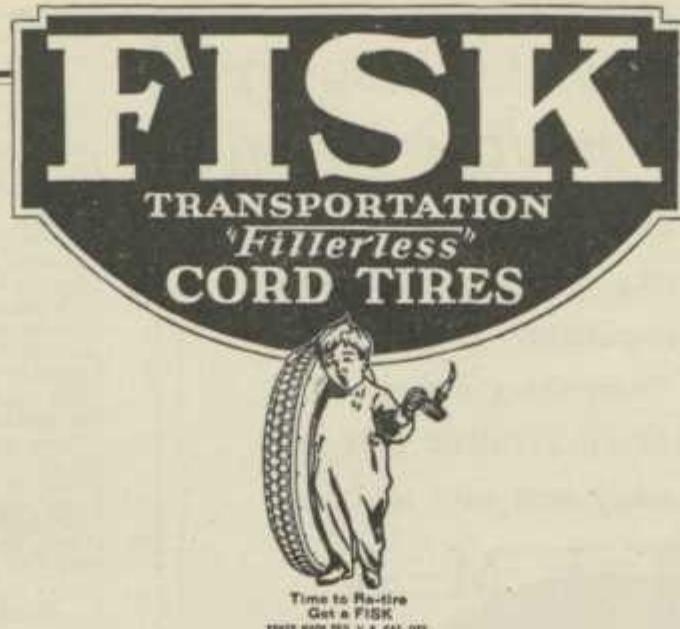
An effort has been made to bring together all that any agency has yet learned or demonstrated about the growing of timber in this region. The reported results of these agencies have been verified as far as possible by consultation with the forest industries, state foresters, and forest schools. The bulletin thus undertakes to set forth in a simple form what are believed to be the soundest methods of reforestation yet developed.

ONE OF THE most difficult problems of the lime industry is the profitable utilization of the small stone, known as spalls and fines. Stone under four inches in size

cannot be calcined successfully in the shaft kiln, and every day thousands of tons of such stone are either entirely wasted or are sold at prices that barely cover the cost of production.

The Bureau of Mines of the Department of Commerce through the Nonmetallic Minerals Station at New Brunswick, N. J., has studied the problem. It has been found that fines are successfully calcined in a rotary kiln; but that though improving, such kilns present certain serious disadvantages. Having in view the development of equipment less costly and more efficient, exhaustive experiments have been made with a sintering machine, such as is used for roasting sulphide ores.

The sintering machine consists essentially of a series of travelling pallets with perforated floors. The pallets loaded with crushed limestone pass beneath a burner which supplies intense heat, and over a suction box which maintains a downward draft to carry the flame through the charge. Complete calcination is attained in thirty to sixty minutes. A general



## 100 Per Cent Fisk

The following letter from Mr. Samuel Chase of the Interstate Motor Coach, Inc., Providence, R. I., is only further evidence that the leading coach companies of the country find it more profitable to narrow down their equipment to Fisk Transportation Cords:

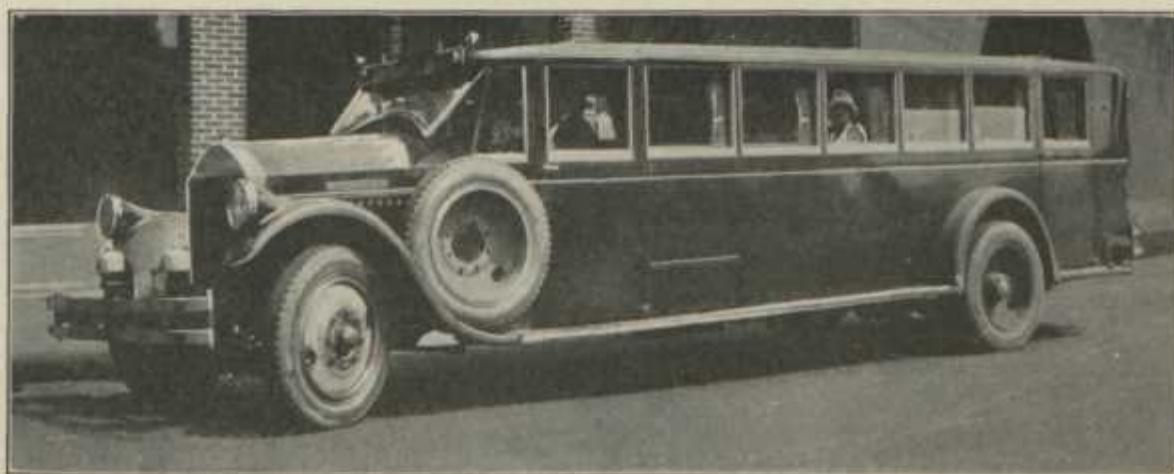
*"Our coaches operate on a schedule between Providence, R. I., and Worcester, Mass. Also between Providence, R. I., and Attleboro, Mass.*

*"Your tires have proven very satisfactory to us, on a competitive basis against a number of other good tires of competitive makes.*

*"The enclosed photograph will give you an idea of the type of coach which we have purchased for our service. It is our intention to standardize on your Transportation Cords 100% just as quickly as we can do so."*

*Fisk Transportation "Fillerless" Cords  
are made in all bus and truck sizes*

**The Fisk Tire Company, Inc.**  
Chicopee Falls, Mass.



## Ever notice?

SOONER OR LATER most men reach a point, in everyday matters at least, where price is no longer all-important. They begin to look around for "something better." And it is by no means an accident that just at this point so many men turn to Fatima

### FATIMA



*"What a whale of a difference  
just a few cents make!"*

LIGGETT & MYERS TOBACCO CO.

**A Friend of Yours**  
may be interested in NATION'S BUSINESS.  
Perhaps you'd like to send him this coupon:

To the UNITED STATES CHAMBER OF COMMERCE  
WASHINGTON, D. C.

Kindly enter the name of the undersigned to receive thirty-six numbers of NATION'S BUSINESS, one each month, and, in addition, one copy each year of the official transcript containing the addresses delivered by important business and government leaders at the annual U. S. Chamber of Commerce Convention in Washington. I enclose remittance for \$7.50.

Name \_\_\_\_\_ Date \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

average of all tests gave a fuel ratio of 5.5 pounds of lime per pound of kerosene plus 5 per cent of coal which was mixed with the charge. This compares favorably with present commercial practice.

Low first cost, low maintenance cost, fair fuel ratio, continuous operation, and ability to use small stone are the advantages claimed for the sintering machine. The tests indicate that the machine has excellent possibilities for the production of lime from small stone, but considerable re-designing is necessary to adapt it to this use.

A detailed description of the machine, the changes made in its construction, and the experiments conducted are given in Serial 2762, entitled "Manufacture of lime from small stone with a sintering machine," a copy of which may be obtained on request from the Bureau of Mines, Department of Commerce, Washington, D. C.

IMPORTERS, EXPORTERS, manufacturers, railroads, steamship lines, and the general public will find that the report of the Board of Engineers for Rivers and Harbors of the War Department will meet many needs for information on Hawaiian ports.

This report covers such questions as port and harbor conditions, port customs and regulations, services and charges, fuel and supplies, facilities available to commerce and shipping, including piers, wharves, dry docks, and marine railways, ship repair plants, coal and oil bunkering, storage facilities, wrecking and salvage equipment, and also the railroad and steamship lines serving each port.

Honolulu is the principal point of accumulation and distribution for the entire territory. It carries on an important inter-island trade with the smaller ports of the islands.

The commerce of the ports of Honolulu, Hilo, Kahului, and Nawiliwili is given in detail for a period of years in this study of the War Department. The principal exports of the islands are sugar, pineapples, and molasses. The Islands import from the United States petroleum, lumber, grain, iron and steel. Cement is obtained from Norway and Belgium, nitrate of soda from Chile, and miscellaneous commodities from Australia and the Orient.

DEFINITIONS FOR CERTAIN meats and meat products have been issued by the Secretary of Agriculture. Some of these definitions are revisions of those already in use, and others are for meat products that have not heretofore been officially defined. These

**Definitions of  
Meat Products  
Announced**

standards and definitions are not only adopted for the guidance of the officials in charge of the enforcement of the Federal Food and Drug Act but also are adopted by many states in the enforcement of their own laws. In some states these standards adopted by the Department of Agriculture automatically become standards for those states.

COMMERCIAL TRAVELERS in Latin America should be interested in a publication of the Department of Commerce dealing with the social side of business relationships.

**Business Life  
Mixed with Social  
in Latin America**

The necessities of life are observed in all dealings and the "go-getter" will find himself seriously handicapped according to the book.

Letters of introduction to the "right people" are important so that the entrée may be had in the social circles in which prospective customers move. Such letters are equally important in the smaller towns to obtain a maximum of comfort and cleanliness.

Another point that this guide book makes is that politeness is more effective than abuse in getting things done. Why that bit of advice

was limited to Latin American travelers is rather puzzling.

As an indication of the possibility of outlets for American agricultural products, a survey of Germany has been prepared. The development of agriculture in

**Publications by Agriculture Department**

Germany during the forty years preceding the war presents one of the most striking illustrations of what may be accomplished in a country whose farm area is strictly limited by natural conditions, according to the report.

Under this handicap agricultural expansion was possible only by the use of intensive cultural methods, the scientific use of fertilizers, and the closest attention to breeding and feeding.

Marketing peanuts is the subject of a bulletin published by the Department of Agriculture. The suggestion is made that raw peanuts, shelled and unshelled, should be put on the market in 1, 2, and 5 pound packages to meet the demand of housewives who want peanuts in greater quantities and at lower prices than they can be bought from the street vendors. Other suggestions for the better distribution of the product are made in this booklet.

A circular on "the county agricultural agent work under the Smith-Lever Act 1914-1924" reviews the development of this phase of agricultural work since the passing of the Smith-Lever Act, which placed the work already started on a more uniform administrative plan and sounder financial basis.

During the ten years, county agent work grew from a pioneer venture to a far-reaching organization employing trained workers in every state and in nearly 70 per cent of the agricultural counties.

It answers the question "What has the county agricultural agent done?"

THE AMERICAN ASSOCIATION of Textile Chemists and Colorists, through William H. Cady, chairman of the subcommittee on Fastness to

**Light Fastness Of Textiles and Printing Inks** Light of the Research Committee, has planned a series of tests to be made at the Bureau of Standards. The experiments, to be directed by

the Bureau of Standards, were approved as a means to determining the fastness to light of colored textiles and printing inks. The dyeings were made by twenty cooperating laboratories on cotton, wool, and silk supplied by the committee.

The Atlas Electric Devices Company provided two new "Fadeometers" for the tests, and the proofs of the printing inks were supplied by the Department of Lithographic Research, University of Cincinnati, through the kindness of R. F. Reed, director.

The samples to be tested were divided into sets, each of which included 1,047 dyeings divided equally among cotton, wool, and silk colors.

They represent several hundred of the important textile dyes used in either two or in three strengths. The dye samples were carefully selected and the dyeing was done by experts in the different groups. The printing inks represent the important organic dye lakes and pigments, and the inorganic pigments in several strengths.

IN A NEW SERIES OF INVESTIGATIONS begun by the rubber section of the Bureau of Standards, possible ways of supplementing the natural

**Possibilities of Supplementing Rubber Supply** supply will be studied, including the improvement of the quality of reclaimed rubber and its commercial possibilities.

The Bureau will attempt to determine the value of water dispersions as a means of improving the quality of reclaimed rubber or other rubber-like substances.

# Every general accounting record prepared and handled ~mechanically~



## UNITED STATES HOFFMAN MACHINERY CORPORATION

EXECUTIVE OFFICES  
1015 NORTH AVENUE - NEW YORK CITY

AUGUST 16TH, 1926.

Carrie C. Fife  
Vice President & Secretary

Powers Accounting Machine Corp.,  
115 Broadway,  
New York, N.Y.

Dear Sirs:

We are now using several units of your alphabetical equipment throughout our organization, and our general accounting and branch records are prepared on this equipment.

This work involves the handling and preparation of:

Order Register and Analysis  
Machine and Parts Inventories  
Purchase Journal  
Notes Receivable Registers  
Accounts Payable Registers  
Distribution of Disbursements  
C.C.B. and Accounts Receivable  
Billing and Sales Analysis  
Factory Labor and Material Analysis  
Payroll  
Customers statements, etc.

Our general accounting procedure is entirely mechanical and the punched cards which are used to produce our books of original entry are filed as a substitute for detail ledgers in such a manner as to provide further analytical information, readily available at all times. Factory accounting is also handled on Powers Equipment.

The adaptability of alphabetical printing tabulators to general accounting work solves the coding problem. The printing of names and words simultaneously with debit and credit entries, signatures and accumulations produces the required results condensed in a single mechanical operation.

Your equipment solves the many problems of accounting executives and in addition to the saving found in your numerical equipment, which we have used for a number of years, the alphabetical equipment is now helping us in a much broader sense.

Very truly yours,  
Vice President & Secretary.

SDH:ETB



Powers Mechanical Accounting Equipment in use at Syracuse factory of United States Hoffman Machinery Corporation

### Portfolio on request

"*Analyzing Sales and Production Mechanically*" is a portfolio of fifteen well-known business organizations with Powers Mechanical Accounting Methods, told in words and pictures. Write for a copy on your letterhead.

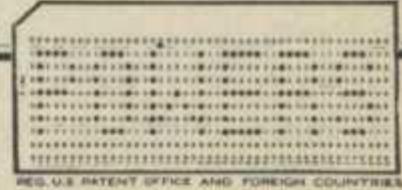
THE above letter illustrates the manner in which the U.S. Hoffman Machinery Corporation has developed its general accounting procedure, from original document to finished results, through the use of Powers Alphabetical Equipment.

Powers Mechanical Accounting Methods are being used in the General Office, Factory and Branches.

## POWERS ACCOUNTING MACHINE CORPORATION

General Offices: 115 Broadway, New York, N. Y.  
District Offices in Principal Cities Throughout the U. S. A.

This trademark distinguishes the products of a company which has devoted its entire effort throughout its history to the development of Mechanical Accounting Equipment, which is now recognized as standard by executives of leading business organizations.



REG. U. S. PATENT OFFICE AND FOREIGN COUNTRIES

# TAMPA



## Florida's Greatest City

The chart shows vividly the rapid growth of population in the three largest Florida cities. Note particularly the growth of Tampa since 1920.

IMPORTANT to the development of all great cities is the growth of its trade territory. Tampa is a conspicuous example of this fact. It is the Key City to Southern Florida. Population in Southern Florida has increased to a point where a new trading territory has been evolved. It is a territory rich in resources, rich in production, rich in type of consumers it constitutes, and is economically, efficiently and satisfactorily served from Tampa. The Florida-Portland Cement Company, Kreiss Potassium-Phosphate Company and several other representative industries have recently established plants at Tampa because of vital production economies due to its strategic location. Power, Raw Materials, Water, Labor, Transportation facilities and Low Taxes are also contributing factors to Tampa's advantages as a logical place for manufacturing plants, branch factories and distributing bases.

### Key City to America's New Trade Territory

A comprehensive survey of Tampa and Southern Florida will be prepared for interested executives upon request. It will be based solely upon specific up-to-date data presented from the standpoint of your needs. Please make your request for this survey on your business stationery.

#### Industrial Bureau

#### TAMPA BOARD OF TRADE

# TAMPA



Florida's Greatest City

Listen in on WDAE—Tampa, Sunday evening between 9 and 10 o'clock and enjoy an entertaining program.

## COINS

RARE COIN BOOK, 50c. Send \$2.00 for old United States coins. GUTTAG BROS., 16 Exchange Place, New York.

## REPRINTS OF ARTICLES

appearing in this magazine may be ordered from us at cost.

WE WILL give permission upon request to reprint articles from NATION'S BUSINESS in house organs or in other periodicals.

**NATION'S BUSINESS**  
Washington, D. C.

# News of Organized Business

By ROBERT L. BARNES

"THE BONUS is dead, long live the bonus," is the present status of bonus giving by chambers of commerce seeking new industries, according to the Organization Service of the National Chamber which is constantly studying this question. Trained chamber secretaries are unanimously against the bonus system, although some of them may have in mind a few scattered exceptions to the no-bonus policy which are apparently justified. The exceptions are dangerous, but not as dangerous as the policy of giving bonuses to buy new factories.

If every chamber of commerce in the United States would agree, and would carry out the agreement, not to give bonuses under any circumstances to new industries and to base their factory getting work entirely on the economies of location which their communities have to offer, a great forward step would be taken in chamber of commerce work. It would not only save the financial losses, the wrecked hopes and the wrecked chambers which result from bonus giving, but it would also be a great saving to the nation by forcing manufacturers or those about to establish a factory to decide on a location solely on the basis of the economics the location offers to the particular enterprise.

The uneconomical location of factories and other business enterprises represents a great national waste. Local chambers of commerce have a real obligation to their own members and their own communities in determining their methods in seeking new industries or business enterprises.

This obligation can be fulfilled by working on the sound principle of selling economies of location, and eliminating entirely competitive bonuses.

An experienced chamber of commerce secretary has recently called attention to the following rather startling facts as illustrative of the present prevalence of the discredited bonus system:

A few weeks ago I received a letter from a small manufacturer in a middle western town stating that his lease on his factory would soon expire and that he would be in the market for another location because of the fact that the water in that particular town did not suit the type of commodity he manufactured. Upon analysis we found that our water supply would just about fit his needs. Inasmuch as I had to attend a meeting in this manufacturer's city, I stopped in to see him. He had a very small plant, employing some twelve or more men and women. His entire expenditures including the pay-roll totaled about \$50,000 a year. The largest part of the supplies consisted of special parts which can only be secured in one large city. This manufacturer sold a patented advertising product and stated that he would not move his plant to any city which would not agree to subscribe to from \$7,000 to \$10,000 worth of his advertising; the advertising contracts to be secured from the merchants by the chamber of commerce.

I explained to this manufacturer that I did not think that any chamber of commerce of any importance would assume such a task as that and was greatly surprised when he showed me letters from a number of very substantial chambers of commerce agreeing to subsidize the manufacturer on the basis indicated.

Products manufactured by the concern just mentioned were of such a nature that the

concern could never develop into a large industry. The chances are that just as soon as the merchants ceased purchasing advertising space, this concern would move on to another town.

I found that none of the secretaries that agreed to finance the advertising had gone so far as to visit the manufacturer to see just what his layout consisted of. They were willing to go before their members and raise money for a project that they knew very little about, in order to bring that factory to their city, and at the best, the industry could not leave a great deal more money in the town than it was taking out in the supposed form of advertising cooperation.

### Too Much or Too Little Service?

THIS CLIPPING from the Junction City, Kans., Chamber of Commerce bulletin speaks for itself.

Service is a wonderful thing—but there are too many expensive whims masquerading under the title of service.

Whenever a so-called service forces the price of a merchant's goods beyond the price charged by other merchants, it becomes a tax on the consumer; when it cuts down a legitimate profit, it is a tax on the merchant.

The chain store offers but two services—merchandise and price and the chain store appears to be doing fairly well. Think it over.

At the same time that was received, there came in an opinion by a business man on the buy-at-home movement. He finds that there are only three reasons for buying at home: 1. If you get something extra, like better service. 2. If you get more for your money. 3. When the value is fifty-fifty, if you buy the home product, and help meet local pay-rolls, some of it will eventually come back to you."

### Junior Chamber Work

WHAT JUNIOR Chambers of Commerce are doing is presented in a pamphlet issued by the Civic Development Department of the National Chamber. Probably the most popular activity is the organization of safety councils and work on the parking problem. Other activities are the promotion of city advertising campaigns, tourist welcoming, aid for community chest campaigns, sports promotion, establishment of public speaking courses, and organization of fairs and exhibits.

### The Discount Question Discussed

HANDLING discount associations is one of the important problems that face retail organizations. The bulletin of the National Association of Retail Secretaries carries a story of how one large city controlled the situation.

About a year ago, we called together every store in our city that was a member of the Discount Association and incidentally it had signed up quite a few of our better stores. We put the thing up to them frankly and told them that several other similar associations were starting and that it would be only a matter of time until every store in town was a member of some such discount-giving association. Every man at the meeting claimed that he was getting no appreciable results from their contract and agreed not to re-sign. All these contracts are expiring within the next six months or year and so far not a single store has re-signed the contract.

I personally offered to go to any store to which this contract might be offered and get its agreement not to sign. In this way we prevent the old blackmail idea that these people use of threatening to give the contract to the competitive store if they don't re-sign on the contract.

Then, too, I sent out a letter about every

# ATWATER KENT RADIO

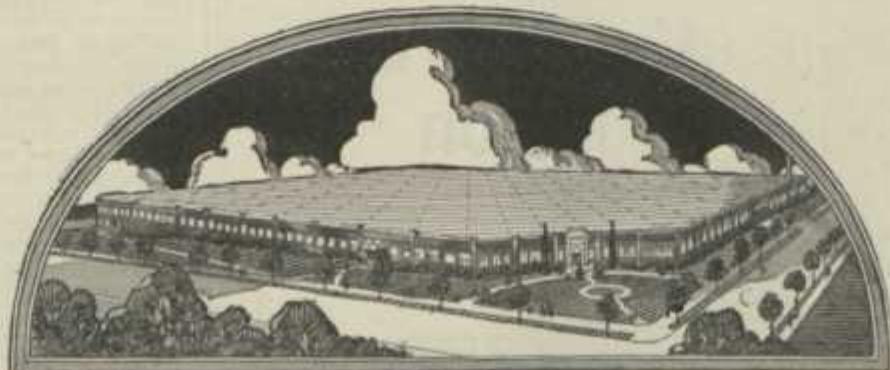
## The value of being particular

Visitors at the factory sometimes think we're too particular.

We are glad they think so. For unusual care in the plant relieves the customer from trouble in the home; a deserved reputation for reliability is built that way.

"It is not our fault that we sell most of this make," a dealer told us. "The people take them away." Atwater Kent Radio has a good name, fastened to the people's minds with quality in engineering and quality in performance.

We believe in being particular, and shall continue to be, because we are in the radio business to stay.



ATWATER KENT MANUFACTURING CO., 4812 Wissahickon Ave., Philadelphia, Pa.  
*A. Atwater Kent, President*

**Lower First Costs  
Lower Installation Costs  
Lower Maintenance Costs  
and greater heating efficiency  
with the**

**VENTURAFIN**  
TRADE MARK

**METHOD OF UNIT HEATING**



**The Proven Method  
of Unit Heating with 5  
times the efficiency of  
ordinary radiation**

**Write for details or ask  
your heating contractor**

AMERICAN BLOWER COMPANY, DETROIT, MICH.  
BRANCH OFFICES IN ALL PRINCIPAL CITIES  
CANADIAN SIROCCO COMPANY, LIMITED, WINDSOR, ONT.

**American Blower**  
"Sirocco" VENTILATING, HEATING, AIR CONDITIONING, DRYING, MECHANICAL DRAFT  
MANUFACTURERS OF ALL TYPES OF AIR  
HANDLING EQUIPMENT SINCE 1881

When writing to AMERICAN BLOWER COMPANY please mention NATION'S BUSINESS

three or four months reminding everyone that they are not going to sign up and thus keeping the subject before them. Several of the stores have called from time to time just to be sure that no one else has signed up. I am sure we have the thing licked here and I believe our method of doing it will prove successful anywhere.

#### The Work of State Chambers

A STUDY by the Pennsylvania State Chamber of Commerce has been published on "The Field of Work of State Chambers of Commerce." In 1920 the Research Department of the Pennsylvania Chamber prepared a paper on the organization of state chambers, outlining in a general way what chambers were doing and planned to do.

Of the twenty-five state chambers and five regional chambers in the United States, fifteen of the state and two of the regional chambers answered the questionnaire of the Pennsylvania Chamber.

In the preface to the study, the authors explain that the paper "represents a quantitative, not a qualitative analysis of state chamber activities. It tells not how well the state chambers are doing a particular job, or whether proper emphasis is being given to different lines of work in the several states, but just what work the chambers are doing in a given field."

Requests for copies of the paper should be addressed to the Pennsylvania State Chamber of Commerce, State Chamber Building, Harrisburg, Pennsylvania.

#### Buy at Home?

UNDER the title "Buy in Shreveport," the local chamber of commerce publication runs an editorial that is intelligent and to the point. We quote it in full:

To ask you to buy your goods in Shreveport is simply asking you to give your local market an opportunity to meet your requirements; asking you to help the city in your trade territory that is trying to help itself—and you; asking you that you keep your money as near home and as near your business as possible and also asking that you assist us in building one of the largest wholesale and manufacturing centers in the United States.

But, understand, we are not asking that you do this thing to your own detriment or loss.

We are only asking that you give Shreveport, The Best Market, an opportunity to meet your requirements.

And, if the goods we sell in the quantities we sell with the kind of deliveries we make do not come up to your expectations and do not excel the service, etc., of your old love the "distant city," why then we do not ask that you continue to trade here. We want you to make money and we believe that by trading in Shreveport, you give yourself a better opportunity to do so.

We are not patting ourselves on the back with "boosterism" about this question, for we know by experience that among those things to be considered in getting the trade interested in buying in Shreveport is the olden price lists which are invariably requested. But, we are just confident enough to believe that our price lists on all commodities will stack up with the best and that we are going to build our market on PRICES AND COMPETITION AND NOT SYMPATHY.

So, when we ask you to come to Shreveport to buy your goods wholesale, we mean BUSINESS and Business means PRICES.

Remember, too, there isn't much competition concerning the delivery part of the sale for we can deliver in from one-half to one day within a 300-mile radius of Shreveport.

#### Chamber Rates Its Support

ONLY banks, building and loan associations, lumber companies and department stores have perfect scores in support of the Massillon (Ohio) Chamber of Commerce. Their scores

were determined by the chamber, which put every concern in a group composed of concerns similarly engaged and then rated the groups on the basis of the chamber memberships of the businesses included. The figures help to confirm the belief that many business and professional men are enjoying the benefits of chamber service without contributing to chamber support.

#### International Business to Meet

INTERNATIONAL trade barriers are one of the most important subjects that will probably come up before the Fourth General Congress of the International Chamber of Commerce at Stockholm on June 27, 1927. The International Chamber's Committee on Trade Barriers is headed by Etienne Clementel, a former French Minister of Commerce.

An American sub-committee, headed by Julius H. Barnes, has just submitted to the full committee a report on the difficulties encountered by American business men in the promotion of foreign trade. The information was collected in a nation-wide inquiry. Similar reports will be submitted by other countries.

These representatives of all the leading commercial countries will study the artificial restrictions and impediments to international trade. The Committee will confine itself to such matters as unreasonable customs regulations, arbitrary import and export prohibitions, unreasonable consular fees and procedure, discrimination through customs classifications and analysis, tax discriminations, legal barriers affecting rights of foreigners, restrictions on transportation and shipping, and governmental and private monopolies of materials and trade.

Already the Swedish National Committee of the Chamber is at work preparing for the Congress. Arrangements have been made to hold the general sessions in the Swedish Parliament buildings in the center of the city near the royal palace. The opening session will, however, require a larger meeting place, and it is planned to hold it in the famous Salle des Concerts.

American members of the International Chamber have attended past sessions of the organization in considerable numbers. Last year more than 200 Americans were at Brussels for the Third Congress, and in 1923 at Rome, large numbers were present. The Stockholm meeting will probably draw a large attendance from the forty-two countries entitled to send delegates.

#### Securing Members

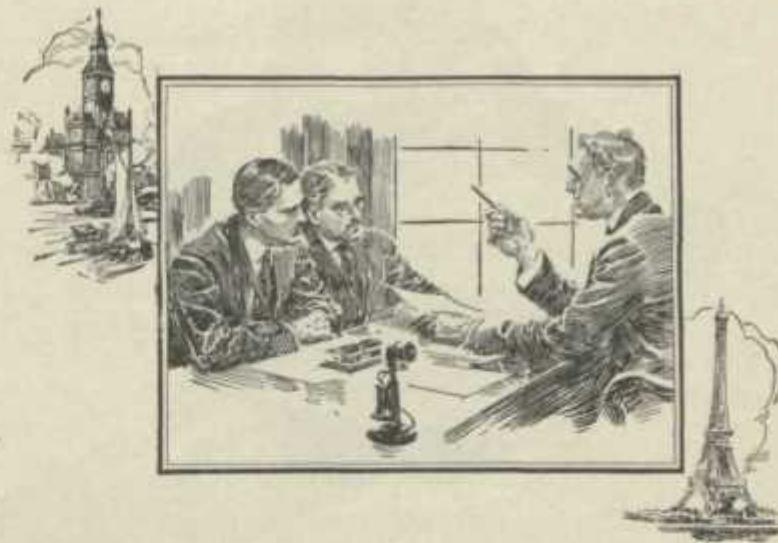
MEMBERSHIP solicitation has been undertaken and the problem successfully solved by the Grand Rapids Association of Commerce. In a letter describing the method the secretary says:

A few sidelights on the membership work of the Grand Rapids Association of Commerce, which body has had neither a reorganization nor a membership "drive" in more than twelve years, may offer valuable suggestions to less fortunate organizations of similar type.

Securing and holding of members in the Furniture City body is entirely in the hands of a continuous membership committee appointed originally by the president and secretary more than twelve years ago.

Defections from the committee, because of removal from the city or inability to keep up the work, are filled by the chairman of the committee following a unanimously favorable ballot of the members.

In this manner the "entente cordiale" or club spirit is never disrupted . . . the committee is assisted by a membership secretary.



## Do you need dependable information?

Dependable industrial, trade and credit information on any part of the world, furnished by The Equitable, is available to business men through their local banks.

Our booklet, *Equitable Service*, describes other services of The Equitable available to local business men, through both their local banks and our district representatives.

## THE EQUITABLE TRUST COMPANY OF NEW YORK

37 WALL STREET

MADISON AVE. at 45th ST.

247 BROADWAY

MADISON AVE. at 28th ST.

#### DISTRICT REPRESENTATIVES

PHILADELPHIA: Packard Building  
BALTIMORE: Keyser Bldg., Calvert & Redwood Sts.

CHICAGO: 105 South La Salle St.  
SAN FRANCISCO: 485 California St.

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Total resources more than \$400,000,000



## CHARACTER

GET more of it into your sales literature. For character *impresses* just as surely in your printed salesmanship as it does with your traveling salesmen!

Cantine papers help the pressman tremendously to put character into your printed matter. Less finely surfaced papers hinder him—and lower the sales value of the finished job.

Since 1888, fine coated papers, noted for their impressive printing surfaces, have been the sole output of The Martin Cantine Company. Write for book of sample papers. The Martin Cantine Company Dept. 359, Saugerties, N. Y.

### CONTEST WINNER

For the quarter ending June 30th, the International Silver Company's sales portfolio was judged the most meritorious printing on a Cantine paper. It was both planned and produced by

N. W. Ayer & Son,  
Philadelphia, Pa.

▼

## COATED PAPERS

CANFOLD

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VELVETONE

Litho C.I.S.

Do you want us to send this magazine to your home address each month instead of to your office?

Increasing numbers of our subscribers are asking us to send *NATION'S BUSINESS* to their homes instead of to their offices, so that they will have it handy for leisure moments. If you want us to change your address on our records, write us, giving your present address as it appears on the slip pasted on the cover of this issue, and the new address. We shall be glad to make the change for you.

NATION'S BUSINESS  
Washington, D. C.

who devotes all his time to the work. Aside from prospects suggested by the members of the committee, the secretary is constantly canvassing the local situation.

Members, all of whom are well posted on the various functions of the Association and closely in touch with its affairs, meet every Friday for luncheon, following which new members are introduced, prospects allotted, and the "Good-of-the-Order" discussed.

The growth of the membership in the Association is constant; and very few resignations become finally effective, unless for removal or similar causes, because some member of the committee is given the resignation on its receipt, with a request to find out the actuating reason and to rectify any misunderstanding, which is the usual cause for proposed withdrawal.

### Business Efficiency Increasing

SECRETARY HOOVER attributes the increase in productivity per worker that has taken place in the last ten years to four factors.

1. The greater efficiency of the wage earner himself,
2. Improved management,
3. More scientific methods and the elimination of waste,
4. A greater use of capital as an aid to human efforts.

How has it been brought about that the number of wage earners employed in American factories has increased 27 per cent and the output has increased 60 per cent since 1914? It has been due, probably in large part, to the fact that knowledge is more widespread. Industry is increasingly applying the information and knowledge of science to its own work. The old line between industry and science is vanishing.

These points are brought out in a bulletin published by the American Library Association which goes on to state that this knowledge is diffused in two ways. Either by plants establishing their own laboratories and employing their own experts or by the study of the latest books, scientific journals, and other publications. The latter method is important because not every plant can maintain its own laboratory, and because a wide circulation of these publications reduces duplication of research and assures to an industry as a whole the benefits of the latest and best scientific knowledge.

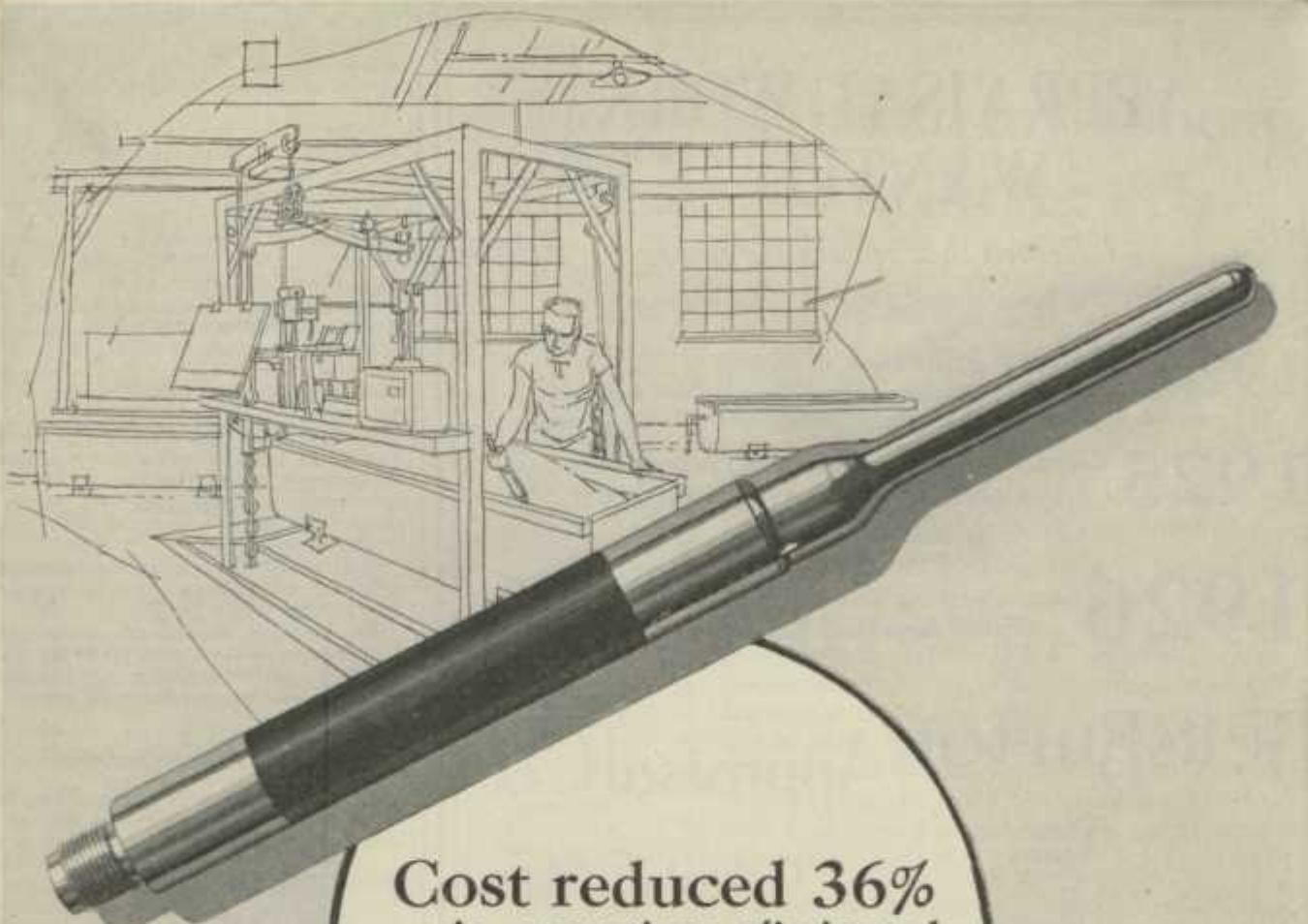
Many plants have established their own libraries but the American public library has grown along these lines also. The Newark Public Library has established a downtown business branch, and the libraries of New York, Cleveland, Detroit, and other cities are engaged in the promotion of scientific and technical knowledge for business men. The John Crerar Library in Chicago is one of the foremost industrial libraries in the United States.

It is, however, despite its advances within the last few years, a movement that has just begun. Business men need to become better acquainted with the business resources of the public library.

The American Library Association, a national advisory board for 6,800 libraries throughout the country, is engaged in a program of bringing industry into closer contact with the sources of technical knowledge. The Association is engaged in establishing business and industrial divisions in our public libraries, and in placing its knowledge and experience in the formation of industrial libraries at the disposal of corporations and other business organizations.

### Salvage and Fire Fighting

NOTWITHSTANDING the general adoption of fire resistive building construction, adequate water supplies, motorized equipment



**Cost reduced 36%**  
*—six operations eliminated*

Formerly the stem of the dough thermometer made by the Taylor Instrument Co. was made of hard rubber reinforced by steel tubing, but by molding it of Bakelite the manufacturing cost is reduced 36%.

Six assembly operations are eliminated because steel inserts are molded in the Bakelite in one operation.

Furthermore, Bakelite provides moisture and heat resist-

ing qualities and mechanical strength not obtainable in the other material. Also, it insulates the stem, which aids accurate temperature recording.

Bakelite, because of its unique combination of important properties, has lowered manufacturing costs and improved the quality of many products. Write for Booklet 42 "Bakelite Molded," and learn of the varied problems Bakelite has solved. Our engineers and laboratories are at your service.



**BAKELITE CORPORATION**

247 Park Ave., New York, N. Y. Chicago Office, 636 W. 22nd St.  
 BAKELITE CORPORATION OF CANADA, LTD., 163 Dufferin St., Toronto, Ont.

# BAKELITE



THE MATERIAL OF A THOUSAND USES

"The registered Trade Mark and Sسئلinal shield shown above may be used only on products made from materials manufactured by Bakelite Corporation. Under the capital "B" is the numerical sign for infinity, or unlimited quality. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products."

When writing to BAKELITE CORPORATION please mention NATION'S BUSINESS

# APPRAISAL WORK WANTED

*A Record that speaks for itself*

**1920**

**The Idea**—A Vision of Appraisal Work Production at Low Cost.

**1924**

**Practical Application of Theory**

1500 Industrial Building Appraisal Reports, Delaware County.  
2500 Industrial Building Appraisal Reports, Hardin County.

**1925**

**Copyrighted Appraisal Forms and Production Systems**  
38,000 Appraisal Reports, LAKE COUNTY

\$40,000.00 Appropriation  
\$30,000.00 Cost

**SAVED \$10,000.00**

**1926**

75,000 Appraisal Reports in Production

**BettsBurton Appraisal Co.**

TRUE  
VALUES  
ONLY

Columbus Ohio

## GROUP LIFE INSURANCE

What Are You Doing About It?

Over 9,000 employers of the U. S. A. carry Group Insurance on the lives of 3,000,000 employees.

It covers groups of employees under one policy without medical examination, in amounts from \$500 to \$10,000 per employee at low cost. Permanent Total Disability included without extra charge.

GROUP INSURANCE protection for employees of factories, stores and business concerns is steadily increasing. It has proved of value to those adopting it. Others will take it up as soon as they learn of its usefulness.

Our book on "GROUP LIFE INSURANCE" will be mailed without obligation. It will repay careful reading. Our well developed facilities and personnel, especially trained in Group Insurance, are at your service.

*John Hancock*  
LIFE INSURANCE COMPANY  
OF BOSTON, MASSACHUSETTS

A STRONG COMPANY over Sixty Years in Business. Liberal as to Contract, Safe and Secure in Every Way.

NB



The jewel-like Taj Mahal waits along the journey in India.

## ROUND the WORLD

**\$1250 and up**

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and other modern apparatus, fire losses continue to mount each year. Study by the Insurance Department of the National Chamber has brought out the fact that a considerable portion of the loss is due to the extinguishing agent, water.

Water losses have undoubtedly been increased by the installation of powerful hose streams. Many of the large cities are equipped with high-pressure water systems, and the powerful motor pumps, together with the other apparatus of a fire department, increase the efficacy in fighting the fire and increase the damage done by water.

Fire departments have not considered salvage operations as a part of their work or have been hampered by a lack of funds. It is, though, becoming increasingly evident that salvage work is part of the regular routine of a fire department.

During the seventeenth century, about the time of the great fire in London, fire insurance companies organized fire-fighting units to protect the houses of their customers. These companies were largely concerned with removing property to a safe place.

Their service was confined to insurance policyholders whose houses were distinguished by large insignia.

The Insurance Department of the Chamber of Commerce of the United States will be glad to furnish any one interested with the pamphlet which deals with several salvage schemes now in use.

### What Are the Benefits?

SIMPLIFICATION work goes on apace. Some of the achievements, as recorded in a bulletin from the Division of Simplified Practice of the Department of Commerce, are worth noting. Probably the most effective work is done by trade associations that after studying the problem report their activities not to one firm but to many. However, the work done by individuals is interesting.



An automobile manufacturer reports that he has reduced 765 units used in construction to 175 and that in addition to cutting its inventory in half, the company is able to make different parts at various plants and assemble them in far-distant markets. Parts shipped from three different cities were assembled in Japan.

Some 16,800 items have been eliminated by six railroads. Fifty-six different types of axles in use in the nineties were reduced to six; fifty-eight journal boxes, to one; twenty-six couplers, to one; twenty brake shoes, to one, and twenty-seven brake heads were reduced to one.

It is found that a reduction in variety often tends to increase sales rather than to decrease them. In a recent test on hosiery, the number of items were reduced by two-thirds, and at the same time the percentage of customers who made purchases increased from 50 to 80 per cent.

The explanation is probably that with a limited number of items it was possible to carry a complete line of each. A customer was not confused by seeing a shade which, it later developed, could not be bought in the size required.

### Losses by Fire

FIRE burned someone to death every half hour and destroyed property worth 750 million dollars last year. The amazing fact is that most of the loss was due to carelessness and arson.

We all pay for the loss. Every loaf of bread, every suit of clothes, every pound of

ment that we buy has in its price a figure that helps pay for the destroyed property.

It is the aim of Fire Prevention Week, October 3 to 9, to bring these facts before the public and to set forth fire prevention aids. Most fires can be prevented. The causes and factors which spread fires are understood and are gradually being controlled.

The important thing is the control of the spirit of carelessness.

Herbert Hoover has said: "Fire losses are in effect a tax on every man, woman and child in the United States. This is one case where the 'Taxpayers' entirely by their own efforts, can reduce the rate."

"I hope we shall have no slackers in this campaign."

### Coming Business Conventions

(From information available September 1)

Date	City	Organization
Oct. 1st wk.	Memphis	Laundryowners National Association
Week of	Detroit	National Safety Council
4th	Pittsburgh	Association of Lime Manufacturers of America
4.	New York	American Institute of Marine Underwriters
4-6.	Chicago	National Poultry, Butter and Egg Association
4-7.	Los Angeles	American Bankers Association
4-7.	Philadelphia	Contracting Plasterers International Association
4-7.	White Sulphur Springs, W. Va.	International Association of Casualty and Surety Underwriters
4-8.	Cleveland	American Electric Railway Association
5-7.	New York	Window Display Advertising Association
5-8.	Atlanta	National Restaurant Association
11.	Washington	Paint Manufacturers Association of America
11.	Washington	National Varnish Manufacturers Association
11-14.	Louisville	National Association of Mutual Insurance Companies
11-14.	Atlantic City	American Gas Association Incorporated
12.	Norfolk, Va.	National Peanut Cleaners and Shellers Association
12-14.	Richmond, Va.	American Railway and Bridge Association
12-14.	New York	American Association of Advertising Agencies
13-15.	Detroit	International Association of Milk Dealers
13-21.	Detroit	Dairy and Ice Cream Machinery & Supplies Association
14.	New York	Copper and Brass Research Association
18-22.	Atlanta	Outdoor Advertising Association of America
18-22.	Philadelphia	National Association of Mutual Savings Banks
19-21.	New Orleans	Southern Logging Association
20.	Cleveland	National Association of Marble Dealers
20-22.	Detroit	Direct Mail Advertisers Association
20-22.	New York	National Association of Manufacturers of U. S. A.
23-26.	West Baden Springs, Ind.	National Tent and Awning Manufacturers Association
25-27.	Pittsburgh	National Association of Commercial Organization Secretaries
25-28.	Briarcliff, N. Y.	Electric Power Club
26-27.	Boston	New England Milk Producers Association
27-30.	White Sulphur Springs, W. Va.	American Institute of Steel Construction, Inc.
27-30.	Vancouver, B. C.	Pacific Logging Congress

Conventions for which the date or place were not available: American Manufacturers Export Association, Associated Business Papers, Audit Bureau of Circulations, Central Supply Association, Federal Wholesale Druggists Association, Federation of Mutual Fire Insurance Companies, Greeting Card Association, Institute of Meat Packers, Insurance Institute of America, Incorporated, Middle States Shoe Wholesalers Association, Mortgage Bankers Association of America, National Association of Ornamental Iron and Bronze Manufacturers, National Association of Steel Furniture Manufacturers, National Auto Chamber of Commerce, National Automobile Underwriters Conference, National Federation of Implement Dealers, National Paint, Oil and Varnish Association, Incorporated, Railway Electrical Supply Manufacturers Association, U. S. Independent Telephone Association.



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## Reviews of Recent Business Books

**The Fundamentals of Business Ethics**, by Everett W. Lord. Ronald Press Co., New York, N. Y., 1926. \$2.75.

The phrase "Caveat emptor" was the motto of business for centuries, but business, like Nature, has undergone gradual improvement, the fittest surviving, until now business has its ethics of conduct no less than other human associations. Everett W. Lord, Dean of the College of Business Administration, Boston University, has given in "Fundamentals of Business Ethics" a systematic presentation of these moral standards of modern business.

In June, NATION'S BUSINESS published an article by Mr. Lord, "Business, Builder of Virtues," showing that business has moral standards. Now, in his book, he explains these standards, as he says in the preface: "These principles may not be as readily reduced to rules as are those of banking and insurance, but they need not altogether lack expression."

The book will be useful in helping business bring about the ideal of "Self-Government in Business." Some ten codes of ethics are given; the first, of course, being the "Principles of Business Conduct" adopted by the National Chamber.

In spite of the fact that these codes are comparatively recent (the first Mr. Lord gives is only eleven years old), they may all be summarized by "Do unto others as ye would that they should do unto you."

After his discussion of the principles, Mr. Lord has given a list of cases, mostly unethical though perhaps legal. The case system is new in teaching ethics, but very effective to illustrate abstract principles, as the following will illustrate:

An advertiser offered "A genuine steel engraving of George Washington, on high quality paper, suitable for framing" for twenty-five cents. He sent buyers a one-cent stamp, affixed to a small sheet of bond paper.

In what way, if in any, can this be condemned?

The Express Shoe Company handles high grade ladies' shoes, through dealers to whom it gives exclusive contracts for their territory. Finding that one dealer could not reach all possible customers, it has adopted the policy of putting out the same shoes, at the same price and similarly advertised, under another brand and giving another dealer exclusive agency for that brand.

Discuss from ethical standpoint.

Jimmie Wiseman, a salesman representing Brown Felt Company, hat manufacturers, in order to get business, has been giving dealers a special discount paid from his own commissions. He leaves the employ of the Brown Felt Company after an extensive trip during which he has taken many orders with provision for this special discount. When he fails to pay dealers the amounts promised, dealers demand the additional discount from the Brown Felt Company.

Should the company allow these discounts and so violate its one-price policy?

The Primo Pen Company, manufacturer of fountain pens, puts out pens priced on the label at fictitious figures, far above cost, thus making possible apparent great reductions. A retailer handling these pens advertises "Five dollar pens at \$1.25." At \$1.25 the pen is fair value.

Can the transaction be defended?

It is the policy of the Star Grocery Chain Stores to offer one or two staple articles as leaders at a very low figure, thus attracting customers and giving the impression that all their prices are lower than those of competitors, although, except for these leaders, their prices are not below the market.

Is this practice justifiable?

Bragdon, correspondence manager of a mirror manufacturing company, has composed and used for the company a number of unusually effective letters. Collins, a chair manufacturer offers him one hundred dollars for copies of all these letters, to be used in his business.

- (a) Has Bragdon a right to sell the letters?
- (b) If not, might he write others and sell them to Collins as the letters which had been successfully used?

**Department Store Organization**, by Arthur Lazarus. Dry Goods Economist, New York, N. Y., 1926.

**Vital Department Store Statistics**, by Arthur Lazarus. Dry Goods Economist, New York, N. Y., 1926.

These are companion volumes and while not exhaustive in any sense, represent an intelligent discrimination as to the relative importance of the assembled information.

From the list of department stores given in the preface to the first-mentioned book, it is evident that the efforts of the author have brought him into contact with some of the most effective organizations in the United States. The table of contents is suggestive of interesting facts, and this statement is justified by a few examples: "The Place of the Chief Executive; Information for the Chief Executive; Functions of the Merchandise Manager; the Sales Manager—an Important New Development; the Style Bureau, Comparative Shopping and the Want Section; Appendix—A Buyer's Manual. Besides identifying the proper place and duties of every important functionary in the store, the book contains many forms and tabulations which will be found useful even in smaller organizations than the type under discussion.

"Vital Department Store Statistics" is, as the name implies, largely a collection of figures such as percentages of sales in different departments by months; advertising expenditures by months and by departments; direct selling expenses by departments and by seasons; mark-up on different classes of merchandise; turnover; and that much abused practice "returned merchandise." In a chapter on *Recompence* many plans are explained and include large as well as small stores.

Mr. Lazarus has displayed much ingenuity in his arrangement of subjects and text; and both volumes will be found useful to those who would have no other access to the facts which are collected for their personal information by all great department store owners.

—G. H. P.

**1925 Office Building Experience Exchange Report**, National Association of Building Owners and Managers. Chicago, Ill., 1926. \$10.

This is the sixth experience exchange report issued by the accounting and exchange committee of the National Association of Building Owners and Managers. Like its predecessors, it gives a comprehensive view of the costs which enter into office building management, as revealed by using the uniform accounting system devised by the committee. The 1925 report covers 184 buildings in 40 different cities and for the first time includes analyses of buildings grouped according to age and rental rates.

**Medical Care of Industrial Workers**, National Industrial Conference Board, Inc., New York, N. Y., 1926. \$2.

Before the modern industrial era, employment hazards were rare, and sickness was an individual affair, but modern industry has introduced machines which may injure workmen and occupational diseases have been brought in with large-scale production so that now the em-



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RICHMOND	TOLEDO	ERIE	DAVENPORT	SAN ANTONIO
WASHINGTON	CINCINNATI	ATLANTA	DENVER	WACO
BUFFALO	DAYTON	MIAMI	ST. LOUIS	SAN FRANCISCO
ROCHESTER	LOUISVILLE	TAMPA	KANSAS CITY	LOS ANGELES
	MEMPHIS		OMAHA	

ployer, too, is concerned, and sometimes responsible when the employee is sick.

The employer is making it his business to see that his employees do not get sick and necessarily stay away from work. Some of the methods he is employing are: Physical examination of employees, protective devices on dangerous machinery, first-aid treatment of employees, and sanitary plant and equipment.

"Medical Care of Industrial Workers" is a handbook to help the change from the old method to the modern protective system.

**Corporation Secretary's Guide**, by William H. Crow. Prentice-Hall, Inc., New York, N. Y., 1926. \$10.

This guide is a mass of information on the methods, forms and precedents used by secretaries of large and small corporations in all phases of corporate procedure. It is valuable and indexed data compiled from the information submitted to the author by hundreds of corporation secretaries.

**Aircraft Power Plants**, by Edward T. Jones, Robert Insley, Frank W. Caldwell, and Robert F. Kohr. The Ronald Press Company, New York, 1926. \$4.25.

**Aerostatics**, by Edward P. Warner. The Ronald Press Company, New York, 1926. \$3.25.

**Free and Captive Balloons**, by Ralph H. Upson and Charles DeForest Chandler. The Ronald Press Company, New York, 1926. \$5.

Three comprehensive, illustrated books of the Ronald Aeronautic Library best described by their titles.

**Business Ethics**, by James Melvin Lee; The Ronald Press, New York City, 1926. \$3.25.

A study of moral conduct in business with the emphasis on possible future application of the Golden Rule to business conduct. The case system has been used to good advantage in clarifying points that the author makes in dealing with various questions. The Appendix lists practically all the business codes and trade customs now in use.

**Principles and Practices of Cooperative Marketing**, by Eliot Grinnell Mears and Mathew O. Tobriner. Ginn and Company, Boston, San Francisco, 1926. \$3.20.

Cooperative marketing associations have grown to a membership of 2,000,000 farmers and an annual business of over \$2,000,000,000.

This new movement is certainly large enough to merit special treatment among economic problems. Messrs. Mears and Tobriner have treated the subject very carefully, devoting sections to the organization, business practices, and regional characteristics of cooperatives.

**Making Money Happily**, by Herbert N. Casson. B. C. Forbes Publishing Company, New York, N. Y., 1926. \$2.50.

The second title, "Twelve Tips on Success and Happiness," fits the book much better. Among the author's principles of success and happiness are: work well, help others, do not fear necessary risks, do not stress trifles, value friendships. The latter part of the book contains three essays on the personal side of business.

**Introductory Accounting**, by John A. Powelson. Prentice-Hall, New York, N. Y., 1926. \$5.00.

Three pounds and a quarter of solid explanation of elementary accounting.

The first part of the book explains the use of a simple balance sheet. Subsequent chapters take up the methods of keeping the accounts so that the ledger may supply the detail for financial statements.

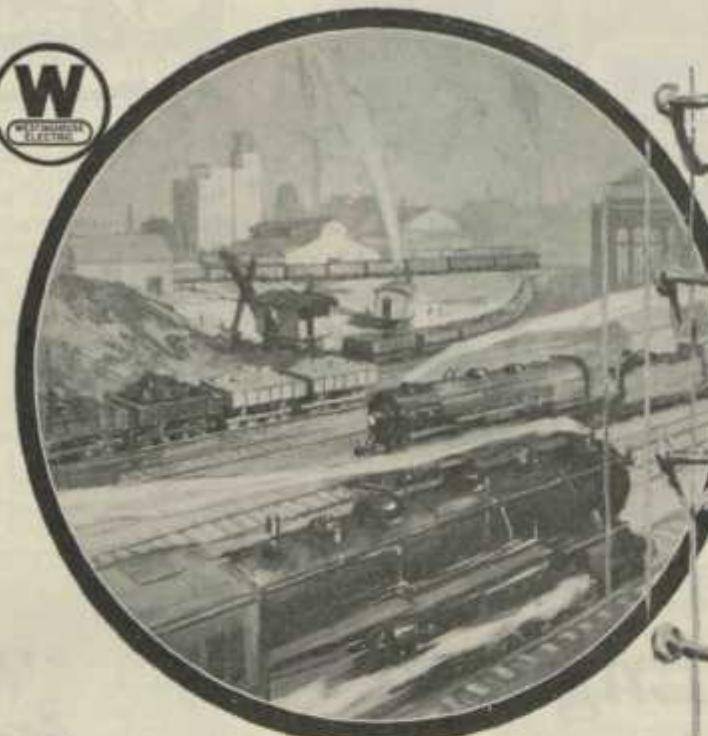
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That's true for the cantaloupe grower in California, the department store owner in St. Louis, the tool manufacturer in Chicago.

Business assets that used to be stored in warehouses, piled away in stockrooms, shunted onto sidetracks, now are serving to increase earning power. Because, due to railroad efficiency, since 1922 the time required for shipping freight has been reduced 25 per cent. Thus railroads are

speeding up sales and increasing turnover for manufacturers, jobbers, retailers.

The lumber industry furnishes a good example. It used to take fifty days for the average shipment from mill to dealer. Now it takes twenty, and retailers' stocks have been reduced about three million board feet—a net improvement in quick assets of some \$600,000.

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126 Franklin Street		Walker 4951	Murray Hill 4996
		254 Fifth Avenue	Madison Square 6780

SAN FRANCISCO, 28 Geary Street, Garfield 4200

WASHINGTON, D. C., 1110 Connecticut Avenue, Main 7400

HONOLULU, T. H., 923 Fort Street

CHICAGO ..... 10 So. La Salle Street  
BOSTON ..... 106 Congress Street  
NEW ORLEANS ..... 312 St. Peter Street  
BALTIMORE ..... Bay St. Pratt Streets  
NORFOLK, VA. ..... 220 Brewer Street

PHILADELPHIA ..... The Bourse  
CLEVELAND ..... 1529 St. Clair Ave.  
SEATTLE ..... 501 Maritime Bldg.  
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ONE OF the largest insurance companies found that it costs it more than \$500 to hire and break in a new agent. If he fails to be satisfactory, or leaves its employ within a year or so, he is a serious loss. Hence it is trying to learn from previous experience, not only what type of men is most likely to be successful as agents and solicitors, but which men are most likely to stick.

It discovered that while a higher salary helps to keep a man interested in retaining his job, yet men who started in at \$12 a week showed more persistence than



those who began at from \$15 to \$19. The explanation is that those who began at a nominal salary of only \$12 or \$14 a week probably could have got more elsewhere but were looking to the future.

This insurance company, like many companies in other lines of business, found that it is not always wise to employ a man too well educated. He may be too ambitious to stay, or at least may feel himself above it and not put whole-hearted effort into it. For many selling jobs a high school graduate is far more desirable than a college graduate. But a high school graduate has more persistence than a man who went only part way through high school. Likewise, a college graduate is more likely to stick than one who went to college but not all the way through. The explanation is, of course, obvious. When a man starts to gain a certain degree of education and completes the course, he is probably more inclined to stick at whatever he attempts after leaving school or college.

Men who have taken courses in law, medicine, journalism or engineering seem to be especially impermanent when at any other line of work. They look on any other kind of job as temporary.

The amount of education a salesman should have often depends on the kind of people he is to meet. Certainly he should be at least as well educated as those among whom he is to work. But if his education

is too superior to theirs, perhaps he will feel aloof and not mix well.

Experience proved that it is unwise in selecting an important employee to hunt up a promising fellow and offer him the job. A far better plan is to advertise and select a man from among several candidates. The advantage is that the man who comes seeking a job is compelled to show cause why he should be hired. If the job seeks him, a clever sales manager or other department head may make it seem so alluring that the candidate shows an enthusiasm which won't last.

Which recalls that one of the most successful employment managers I ever knew never hired a man until he had painted the



work as black as possible. He wanted only those men who were willing to tackle a job after knowing the worst.

In the long run, men more than 26 years old but under 40, were most satisfactory. The trouble with a man under 26 is that he has hardly had time to decide what he really wants to do, and when advancement seems slow he may decide that the fault is simply that he is in the wrong business. He may change jobs a dozen times, following a sort of will-o'-the-wisp notion of opportunity ever off toward the horizon, before he discovers that he will go farther by staying in one place and learning one job thoroughly.

On the other hand, if a man is more than 40 and yet is available for a new job, it may mean that he has failed to establish his value to earlier employers. Actual records show that men hired at age 41 or more drop out more readily than do those still in their 30's.

Route salesmen and canvassers proved to be more promising material than those employed inside a store. This was presumably because an outside salesman has to have ability to get about, locate addresses and interest new customers, while the inside man deals more with those who come in knowing what they want.

Experience of this insurance company with salesmen from other insurance com-



panies was disappointing. This isn't surprising, for, if a man is really a marvelous salesman, the company that has been em-



This cut-away section of a Firestone Gum-Dipped Bus Pneumatic shows a single cord greatly magnified and untwisted into 15 smaller cords which are composed of many little fibers, all of which are thoroughly saturated and insulated with rubber by Gum-Dipping.



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Gum-Dipping, gives to Firestone Truck Pneumatics greater stamina—longer mileage—and added safety. This extra Firestone process thoroughly saturates and impregnates every fiber of every cord with rubber—minimizing internal friction and heat, the big cause of tire failures.

The special Firestone Non-Skid tread of scientific design gives to Firestone Gum-Dipped Truck Pneumatics, the dependable road-grip that holds trucks on slippery roads—reducing skidding in traffic and increasing braking efficiency.

Still greater protection is assured by the special Steam-Welding process that makes Firestone Tubes an endless air tight unit. Your Firestone dealer can serve you better and save you money—see him.

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This would mean national (or sectional if desired) distribution under your own trade-marks—representation by unusual salesmen capable of insuring resale of merchandise disposed of—responsibility both moral and financial.

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Cost and Production Data

CROWN LIFE BLDG. TORONTO, CAN.

ploying him probably wouldn't let him get away.

On the other hand, this company had rather good luck with former barbers and farmers. From this one must not judge that a farmer or barber is naturally a better man to handle insurance than one who has been in that business. The point is that the company had been prejudiced in favor of those having previous insurance experience and hired them too easily. But they were equally reluctant to employ farmers and barbers and, therefore, hired only those who showed special promise.

Owners of homes proved to be a far better risk as to staying qualities, as well as a better moral risk, than those renting homes. Danger of defalcation was *more than 400 times greater* with a renter or boarder than with a home owner. It isn't only that the home owner is more permanently settled. The fact that he has been able to acquire a home shows a certain degree of ability.

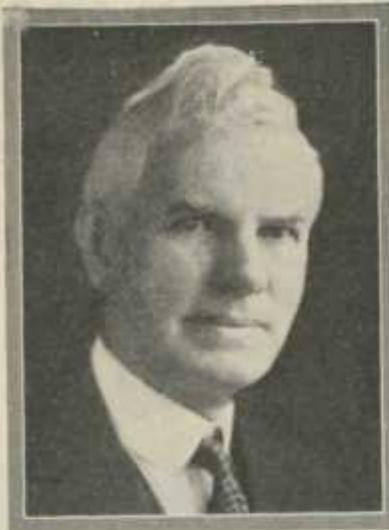
Everybody knows that a man out of a job can't get another place as easily as if he still had a job but were seeking a better one. Employers generally are prejudiced against the fellow out of a job. They think that if he were thoroughly worth while he would have one. But what isn't so well known is that the question of employment or unemployment isn't nearly so important as the *length of time* out of a job.

The insurance company learned that unemployment up to a month signifies little. But a man out of work less than a month is four times as likely to stay at a job, or be retained at it, than one who has been idle two months. Men idle four, five, or six months were not much inferior as a class to those idle two months, but when a man is out of employment *more than six months*, he is not likely to stay on the job he does get. In other words, men of ambition and enterprise do not ordinarily let themselves be long idle.

Another surprising discovery was that the floater—the man who regularly changes jobs once or twice a year—is usually a fellow of good personality, plausible and agreeable. Otherwise he would not succeed in obtaining so many jobs but would feel obliged to stick closely to one place.

Long service also proved to be a greatly overestimated virtue. Men of ability usually change jobs occasionally. Failure to do so might even show lack of adaptability to new environments. Service in one establishment after six or seven years may merely prove that the man stayed there until he lost his initiative.

MOTION PICTURES have changed a nation's vaudeville habits. People have grown so used to going to picture shows just whenever they feel like it, and staying on into the next round for the parts they missed, that they do not relish having to be at a vaudeville show at an exact starting time in order to see the whole bill. Consequently, many of the biggest vaudeville houses in the country have shifted from two a day to three shows a day. One can drop in any time from early afternoon until fairly late in the evening and if you miss an act, just wait as you would at a movie, until it comes along again.



MARTIN MADDEN

Chairman, Congressional Appropriations Committee, in July told of the HIGH COST OF INVESTIGATIONS.



GERALD L. WENDT

Director, Industrial Research, Penn State College, in August told of the SYNTHETIC HOUSE OF TOMORROW.



O. H. CHENEY

President, American Exchange-Pacific National Bank, N. Y., in June wrote of THE NEW COMPETITION.



CHARLES M. A. STINE

Chemical Director, du Pont Co., wrote in July WHEN FARM AND FACTORY TEAM UP.



JAMES SIMPSON

President, Marshall Field and Co., in May explained the FEDERAL RESERVE SYSTEM in Terms of the Merchant.



ALFRED P. SLOAN, JR.

President, General Motors Acceptance Corp., in April told Why He Is a Believer in TIME PAYMENTS.



WALTON L. CROCKER

President, John Hancock Mutual Life Insurance Co., in May told What Becomes of the LIFE INSURANCE DOLLAR.



JAMES W. WADSWORTH

United States Senator from New York, in March discussed FEDERAL AIDS in LOCAL IMPROVEMENTS.

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Chicago Daily News  
in the First 7 Months of  
1926

The advertisers of America in the first seven months of 1926 expressed most emphatically their confidence in the broad advertising and selling influence of The Chicago Daily News.

Compared with the immense volume of advertising in the same period of 1925—greater than that of any other Chicago daily paper, as is also the case in the present year—The Daily News recorded gains that demonstrate with a new emphasis the productiveness of advertising in Chicago's family newspaper. These increases are shown in the following divisions of display advertising:

*Display Advertising Gains of The Chicago Daily News  
in the First Seven Months of 1926*

	Gain, Agate Lines
Department Store Advertising	361,294—or 9.7%
All Local Display Advertising	917,800—or 12.6%
National Display Advertising	138,115—or 8.1%
Total Display Advertising	1,055,915—or 11.8%

The Daily News is deeply appreciative of the preference shown by advertisers in the use of its columns. There is every promise of extraordinarily good business in Chicago throughout the coming fall and winter. To all who do business in the Chicago market this means increasingly good opportunities through continued advertising in

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CHICAGO

Woodward & Kelly  
360 N. Michigan Ave.

SAN FRANCISCO  
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253 First National Bank Bldg.

*First in  
Chicago*

# 45 "SEQUENCE CALLS"

# \$82,500

## WORTH OF BONDS



IN BRINGING out a new bond issue, a Cleveland financial house regularly files with the long distance operators from 50 to 100 sequence calls to banks and investment firms in other cities. The calls come in in one-two-three order. As one is finished another is put up, so that a greater number of calls can be completed within a given time. For one such issue,

47 calls were filed... 45 were completed. Charges, \$40... sales, \$82,500.

"SEQUENCE lists" are another convenience worked out to increase the effectiveness of long distance campaigns and to save the time of the telephone user. Many who formerly used the telephone only locally are now using it to distant states and towns. Many who used only single calls are now taking advantage of the sequence method. Concerns that at first used long distance calls only when an emergency arose, now depend on them to make appointments, to save long and tiresome trips, to make sales where interviews have been denied, and to make purchases where both time and price are important.

Would it be worth while to make a thorough check-up of your various departments and executives to see if the telephone

is bringing its full resources to bear upon your business? Each working day sees another million dollars invested in the communication equipment of the Bell System. Does your business secure its share of the added advantages of these developments? The telephone resources of any business are worthy of careful study. Firms are frequently amazed to discover their unthought-of possibilities.

A Commercial Department representative will gladly call to explain the use of sequence lists and consult with you concerning what long distance calls can do for your business. And now, what distant call is there that should be made? Seventy thousand communities are within your easy reach. . . . . *Number, please?*

## BELL LONG DISTANCE SERVICE





## NOW—Before This Winter Comes Is the Time to Protect Your Build- ings Against Frost Destruction

Fall painting for protection! Frost—the destructive monster that checks—spalls—cracks—crumbles and destroys masonry walls can be vanquished and rendered perfectly harmless if you paint the walls of your building with Truscon StoneTex. Now is the time to apply StoneTex—now is the time to safeguard yourself against the most irresistible and viciously destructive force that can attack masonry—now while your building is dry—before the fall rains have soaked into the pores and made it im-

possible for paint to adhere to the surface. Truscon StoneTex is a product of modern science. Its paper-thin film of protection seals the surface and prevents the destructive action of moisture freezing in the pores. It is applied like any ordinary paint by brush or spray. It costs no more than ordinary paint in the beginning—it costs less in the long run. Thousands of buildings throughout the world bear eloquent testimony to its remarkable preservative powers.

Truscon branches are located throughout the country to serve you. Get in touch with the branch in your city. If we are not represented there, write to us and we will tell you where to go—and also send you our 32-page StoneTex booklet and color chart. But above everything else act now.

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# TRUSCON STONETEX